



Australian Government

Department of Broadband,
Communications and the Digital Economy

09/10 ANNUAL REPORT

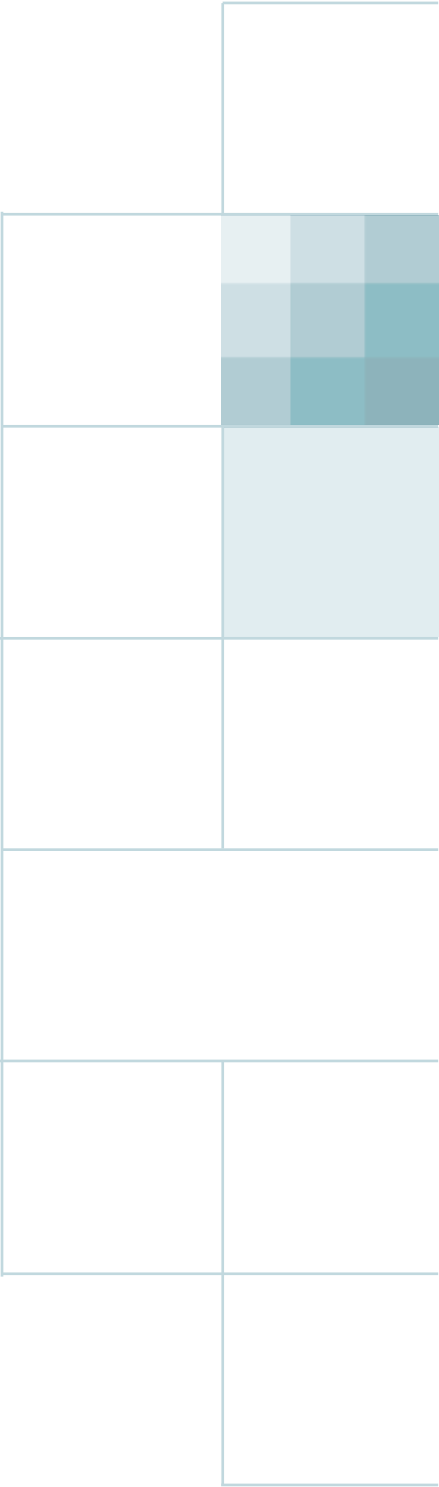




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Communications and the Digital Economy

09/10
ANNUAL
REPORT



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Photograph of man using laptop—page 1

Photograph of woman using mobile phone—page 15

Photograph of TelePresence in operation—page 33

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Photograph of ACT State Emergency Services officer on TRN radio—page 45

Photograph of volunteers filming at C31's 'Live at the Lawn' event—page 57

Photograph of person lying behind laptop—page 61

Photograph of man and boy watching TV—page 83

Photograph of three pairs of hands using mobile phones—page 121

Photograph of woman and girl using laptop—page 201

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Special thanks go to all the departmental staff and specialist contractors involved in the project.

LETTER OF TRANSMITTAL



Australian Government
Department of Broadband, Communications
and the Digital Economy

Peter Harris

Secretary

Senator The Hon Stephen Conroy
Minister for Broadband,
Communications and the Digital Economy
Deputy Leader of the Government in the Senate
Parliament House
CANBERRA ACT 2600

Dear Minister

I present the Annual Report of the Department of Broadband, Communications and the Digital Economy for the year ended 30 June 2010 for your presentation to the Parliament in accordance with section 63(1) of the *Public Service Act 1999*.

This report has been prepared in accordance with the provisions of section 63 of the Act and the Requirements for Annual Reports as approved by the Joint Committee of Public Accounts and Audit.

In accordance with the Commonwealth Fraud Control Guidelines, I certify that the Department of Broadband, Communications and the Digital Economy has reviewed its fraud control policy, guidelines and plan and has the required fraud prevention, detection, investigation, reporting and data collection procedures and processes in place to comply with the guidelines.

Yours sincerely


Peter Harris
28 September 2010

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HOW TO USE THIS REPORT

This report outlines the operations and performance of the Department of Broadband, Communications and the Digital Economy for the financial year ending 30 June 2010. The report is prepared in accordance with the Department of the Prime Minister and Cabinet's Requirements for Annual Reports, released in June 2010.

The report is structured into the following sections.

SECTION 1—OVERVIEW

This section contains a review of the year by the Department's Secretary and an outline of the Department's roles and functions, organisational structure, portfolio agencies, and its outcome and output structure.

SECTION 2—PERFORMANCE REVIEW

This section provides a report on the Department's performance against its outcome and performance criteria including deliverables and key performance indicators. Performance is reported against the success measures in the Department's 2009–10 Portfolio Budget Statements (PBS) and 2009–10 Portfolio Additional Estimates Statements (PAES).

SECTION 3—MANAGEMENT AND ACCOUNTABILITY

This section reports on the Department's management practices, including its governance arrangements, management of human resources, information technology and facilities, legal services, financial management and asset management.

SECTION 4—APPENDICES

The appendices provide supplementary information on a range of important issues, including:

- > agency resource statement, expenses and resources for outcome
- > parliamentary committees
- > external scrutiny
- > legislation and statutory instruments
- > staffing statistics
- > freedom of information
- > advertising and market research
- > grants
- > Commonwealth Disability Strategy performance report.

SECTION 5—FINANCIAL STATEMENTS

This section contains the Department's audited financial statements for 2009–10.

SECTION 6—OTHER INFORMATION

This section contains a list of acronyms, glossary of terms, corrections to the 2008–09 Annual Report, a compliance index and an alphabetical index to assist the reader.



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SECRETARY'S REVIEW

In 2009–10, the Department put substantial effort and resourcing into Government priority reforms designed to deliver fast broadband services nation-wide; restructure radio spectrum for a wide variety of consumer services; create additional spectrum opportunities by introducing digital television in a staged rollout; and improve publicly-funded telecommunications services to regional Australia.

The Department also carried forward an intensive regulatory reform task, led by major reform proposals to competition policy in the telecommunications sector.

NATIONAL BROADBAND NETWORK

The National Broadband Network initiative is intended to transform the infrastructure of our telecommunications sector and help position Australia at the forefront of nations adopting twenty-first century information and communication technologies. The National Broadband Network is a public investment project to be delivered via the portfolio business, NBN Co.

We made significant progress towards delivering the National Broadband Network in 2009–10. Some of the highlights included:

- > establishing NBN Co and selecting a Board and CEO
- > completing and supporting the release by the Government of a comprehensive Implementation Study, demonstrating the viability of the network
- > drafting and introducing supporting legislation
- > providing \$302 million in equity contributions
- > supporting the early rollout of services in Tasmania
- > managing construction of new fibre backhaul transmission links under the Regional Backbone Blackspots Program to eliminate many monopoly routes and upgrade service quality in key regional and rural areas
- > providing Australians with information on the potential uses and benefits of high speed broadband, including an effective communications program and holding community forums in locations across Australia.

The Government's commitment to a wholesale-only model for the National Broadband Network will deliver structural reform in the industry in the longer term. It remains essential, however, to ensure that during the transition to the National Broadband Network over an extended period, the existing regulatory regime is improved and promotes the interest of consumers and businesses. This led to the introduction of a comprehensive legislative reform package on 15 September 2009 to drive future growth, productivity and innovation across all sectors of the economy by improving competition and strengthening consumer safeguards.

A major objective of the reforms was to address Telstra's level of integration, while also providing it with the flexibility to choose its future path. In particular, the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2009 was structured to address Telstra's incentives to discriminate against its wholesale customers by requiring Telstra to functionally separate, unless it voluntarily structurally separates.

PROMOTING THE DIGITAL ECONOMY

In anticipation of the National Broadband Network, the Australian Government hosted the Realising Our Broadband Future forum on 10 and 11 December 2009, which engaged Australian and international experts and thought leaders to map out the business models, applications and services that will thrive in our high speed broadband future.

The ideas generated at the forum are contributing to broader policy development work across the Government. One of the key messages of the forum was that more needed to be done to promote the opportunities of the National Broadband Network to all Australians, businesses and the community sector. Work on this has commenced through a national communications program as part of the National Broadband Network initiative, including advertising, a website and community forums.

The Department's Digital Regions Initiative aims to drive engagement with the digital economy in the areas of health, education and emergency services. A first round of grants worth \$32.9 million was allocated in December 2009. Further to the Digital Regions Initiative, as at 30 June 2010, 50 of the 52 projects under Clever Networks had been successfully delivered with the remaining two expected to be completed by the end of the calendar year. All projects have a sustainability commitment and are well positioned to expand services and coverage under the National Broadband Network.

BROADBAND AND COMMUNICATIONS IN REGIONAL AUSTRALIA

The Department continued to improve access to telecommunications for Australians living in remote Indigenous communities, so they can take advantage of the economic, educational, social and cultural opportunities offered by the digital economy. An additional 63 fixed community phones and 25 mobile satellite handsets were installed in remote Indigenous communities and improved availability of public internet access facilities provided in 46 remote Indigenous communities, through our Indigenous Communications Program.

The Department finalised the process for construction of new fibre transmission links under the Regional Backbone Blackspots Program to improve competitiveness and service quality in key regional and rural areas. The Government is working closely with Nextgen Networks, the successful tenderer, with more than 1100 km of optical fibre backbone deployed by 30 June 2010.

On 10 May 2010, the Government announced significant changes to the Australian Broadband Guarantee program including doubling of speeds and data allowances for remote consumers and enhanced equipment warranties and testing regimes. At the same time, the target population for Australian Broadband Guarantee supported satellite broadband services was reduced from around 475 000 to around 160 000 households, as commercial services expand successfully in previously poorly-served areas.

SWITCHOVER TO DIGITAL TELEVISION

Following an extensive communications and public engagement campaign, the Mildura/Sunraysia region of Victoria made broadcasting history at 9 am on 30 June 2010 when the analog TV signals were switched off, making it the first region in Australia to switchover to digital television.

The Digital Switchover Taskforce and a full-time Digital Switchover Liaison Officer based in Mildura worked closely with local community groups and organisations to raise awareness about the switchover. Through the Digital Ready labelling scheme, the Endorsed Antenna Installer Scheme and the Digital Advisor program in retail stores, consumers were directed towards reliable sources of advice and assistance for the digital switchover.

Approximately 2650 households in Mildura/Sunraysia were helped to convert to digital TV through the Household Assistance Scheme.

During the course of 2009–10, the Department actively worked through a number of options with broadcasters, and developed a new satellite TV service for hundreds of thousands of remote and regional Australians who receive inadequate services under current broadcasting arrangements; and who may not see self-help re-broadcast facilities upgraded in the future.

The Viewer Access Satellite Television (VAST) service is a significant step in providing access to digital television for people living in regional Australia, and provides 16 channels—including multiple regional news services—in the largest single broadcasting policy step to address regional disadvantage since the advent of television.

REALISING THE DIGITAL DIVIDEND

The digital dividend, that is, the spectrum that will be freed up by the switch-off of analog television, is the ‘waterfront property’ of the spectrum world due to its superior propagation characteristics, and presents a once-in-a-generation opportunity to encourage the introduction of new communications services and to improve existing services. Digital dividend spectrum re-allocation in Australia is part of a world-wide trend toward switching to digital-only broadcasting, with consequent release of freed-up spectrum for a variety of next-generation communications services, not least of which is burgeoning demand for broadband mobile services.

On 5 January 2010, the Government released its *Digital Dividend Green Paper*. The Green Paper sought public comments on potential uses of the digital dividend, the potential benefits of these uses to the Australian community and economy, and the costs involved in releasing a contiguous block of spectrum by restacking broadcasting services.

On 24 June 2010, the Minister announced the Government's decision to release 126 MHz of contiguous spectrum in the Ultra-High Frequency (UHF) band, comprising the frequency range 694–820 MHz as Australia's digital dividend. Internationally, this is one of the largest contiguous UHF dividends to date and represents a significant achievement. The Department is working with the Australian Communications and Media Authority (ACMA) and other stakeholders on this complex and multi-faceted task.

CONSUMER ISSUES

The Department has supported the Australian Communications Consumer Action Network (ACCAN), following its establishment as the peak communications consumer body on 1 July 2009. ACCAN has established itself as an effective voice for consumer concerns and rights, and a partner with industry and government in consideration of consumer issues.

We also undertook significant work to support the Government's review of the anti-siphoning scheme conducted in the second half of 2009, which was required by legislation.

The Department worked with the Australian Competition and Consumer Commission and sporting and media organisations, to develop the Code of Practice for Sports News Reporting. The first of its kind in the world, this Code sets out guidelines for the rights and obligations of sporting and media organisations when reporting news from sporting venues.

The Department held the annual Cyber Security Awareness Week from 6–11 June 2010, partnering with over 130 public and private organisations. The *budd:e* education package is a key component of the Australian Government's commitment to raising the cyber security awareness among school-age children. The package recently won an Australian Interactive Media Industry Association award for best interactive media and digital content designed for children.

We also worked in partnership with the Internet Industry Association to develop a new ISP Cyber Security Code of Practice, which will provide a consistent approach for Australian ISPs to help inform, educate and protect their customers when they are found to have compromised computers. The Code, launched on 6 June 2010, is a leading example of government working with ISPs and is attracting great interest from other countries.

We continued work to contribute to implementation of the Australian Government's Cyber-Safety Plans for individuals and families:

- > The Consultative Working Group provided cyber-safety advice to the Government.
- > The Youth Advisory Group provided advice on cyber-bullying, mobile phone safety, privacy, social networking sites and online computer games from the perspective of young people. This advice led to the Government announcing the Cyber-safety Help Button.

FINANCIAL RESULTS

The Department had a sound result, with the net cost of services for 2009–10 being \$148.1 million, resulting in a moderate operating surplus of \$5.7 million. This surplus was related to lower than anticipated costs associated with the implementation of the Government's National Broadband Network initiative. For Administered items, the outcome was total expenditure of \$220.0 million, \$19.7 million below budget, reflecting, in the main, lower than anticipated expenses in the Digital Television Switchover program. A more detailed analysis of financial performance is contained in the performance review section of this report.

SUPPORT WITHIN THE DEPARTMENT

This year has been demanding for our corporate areas and they have worked hard to aid the significant work carried out by the Department. A few examples of our corporate teams working together to enable and support the core work of the Department include:

- > management of our push to better utilise Web 2.0 technologies
- > negotiation of a new Enterprise Agreement
- > implementation of a streamlined risk management and reporting framework
- > upgrading of our financial, human resource and ministerial correspondence systems
- > working to rationalise our accommodation arrangements
- > commencing the rollout of a new Information Management System for the Department
- > provision of legal advice in support of a range of programs and key projects.

Our people also found the time and energy to support a range of great causes throughout the year. We have baked cupcakes and walked some excitable canines to raise money for the RSPCA, provided Christmas gifts to children in need through the Barnados Giving Tree, grown some impressive moustaches for 'Movember' to raise awareness of men's health issues, eaten pies and hot dogs to raise money for two walkers for the Canberra Hospital's Cancer Ward, donated blood to the Australian Red Cross in the Corporate and Divisional Blood Challenge and held the Biggest Morning Tea to raise funds for the Cancer Council.

We aim to continue and improve on this level of support and social consciousness in the coming year.

LOOKING FORWARD

The Department faces a number of challenges in 2010–11.

Our budgetary position requires constant vigilance, as a small agency managing complex projects and sensitive programs, with high stakeholder and compliance expectations and little budget flexibility.

On the policy outlook, converging technologies continue to drive demand for a reshaping of regulation in the telecommunications and broadcasting sectors. Our aim is to provide a future framework for a more competitive communications market and simpler regulatory structure that is much less mode-specific.

Our role in implementing key projects such as the National Broadband Network, establishment of the USO Co., the switchover to digital television, realising the digital dividend and promoting the digital economy will change the nature of the communications and entertainment markets and offer immense potential investment opportunities to both public and private sector service providers.

We are implementing Web 2.0 technologies, such as generic blogging, online discussion forums and wiki software, which provide an exciting additional platform for collaborative and consultative online engagement. Our aim is to use the new opportunities presented by Web 2.0 technologies to better enable contributions to be made to discussion and strategic thinking on key areas of policy by citizens and stakeholders. In July 2010, we launched an interactive map on our website to help citizens find out what services the Department and its agencies are delivering in their area; where to get more information about a service and, in some instances, apply for a service online.

2010–11 is likely to demonstrate clearly that we live in interesting times.



DEPARTMENTAL OVERVIEW

The objective of the Department of Broadband, Communications and the Digital Economy is to develop vibrant, sustainable and internationally competitive communications and entertainment sectors of the Australian economy.

The Department achieves its purpose through policy and regulatory development, advice and program delivery activities that:

- > support efficient and strategic management of public resources
- > facilitate the reliable and competitive provision of services
- > provide effective protection for the interests of consumers.

Through these activities, the Department supports and encourages the development of world class communications infrastructure.

The key objectives of each of the Department's three programs are:

- > Infrastructure: to facilitate the increased availability of fast, affordable and reliable broadband and communications infrastructure across Australia.
- > Digital Economy and Services: to support all Australians to safely and securely realise the full potential of the digital economy and ensure the availability and reliability to consumers and businesses of reasonably priced basic and essential communications services.
- > Broadcasting and Digital Switchover: to ensure the smooth switchover to digital only television by the end of 2013 and support access to high quality, innovative and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations.

The Department's commitment to the APS Values and Code of Conduct, and achieving the standards of service set out in its *Service Charter*, underpins its approach to pursuing its program objectives and outcome in the public interest.

MINISTERIAL ARRANGEMENTS

Senator the Hon. Stephen Conroy served as Minister for Broadband, Communications and the Digital Economy throughout 2009–10.

PORTFOLIO STRUCTURE

Figure 1.1 Portfolio agencies as at 30 June 2010

Australia Post

Australia Post is a Government Business Enterprise, fully owned by the Commonwealth Government. It provides high quality mail and delivery services to all Australians and a range of parcel and logistics services.

Website www.auspost.com.au **Tel** 03 9204 7171 **Fax** 03 9663 1160

Australian Broadcasting Corporation (ABC)

The ABC is a national broadcaster. It contributes to and reflects Australia's national identity, fosters creativity and the arts and encourages cultural diversity. The ABC is an integral part of the radio, television and online production industries and the news and information media.

Website www.abc.net.au **Tel** 02 8333 1500 **Fax** 02 8333 5344

Australian Communications and Media Authority (ACMA)

The ACMA is responsible for regulating broadcasting, radio communications, telecommunications and online content in accordance with legislation. The ACMA works with all stakeholders to maximise the public benefit, including the extent to which the regulatory framework addresses the broad concerns of the community, meets the needs of industry, and maintains community and national interest safeguards.

Website www.acma.gov.au

Canberra: **Tel** 02 6219 5555 **Fax** 02 6219 5353

Melbourne: **Tel** 03 9963 6800 **Fax** 03 9963 6899

Sydney: **Tel** 02 9334 7700 **Fax** 02 9334 7799

NBN Co Limited (ACN: 136 533 741)

The Government has established NBN Co Limited as a fully Commonwealth owned Government Business Enterprise (GBE) to design, build and operate the new National Broadband Network. The National Broadband Network is an Australian Government initiative which will deliver high speed broadband to all Australians.

The National Broadband Network will involve the laying of fibre optic cabling to at least 90 per cent of Australian homes, schools and businesses, capable of delivering speeds of 100 megabits per second. The remaining premises will be connected via a combination of next generation high speed wireless and satellite technologies delivering broadband speeds of 12 megabits per second or more.

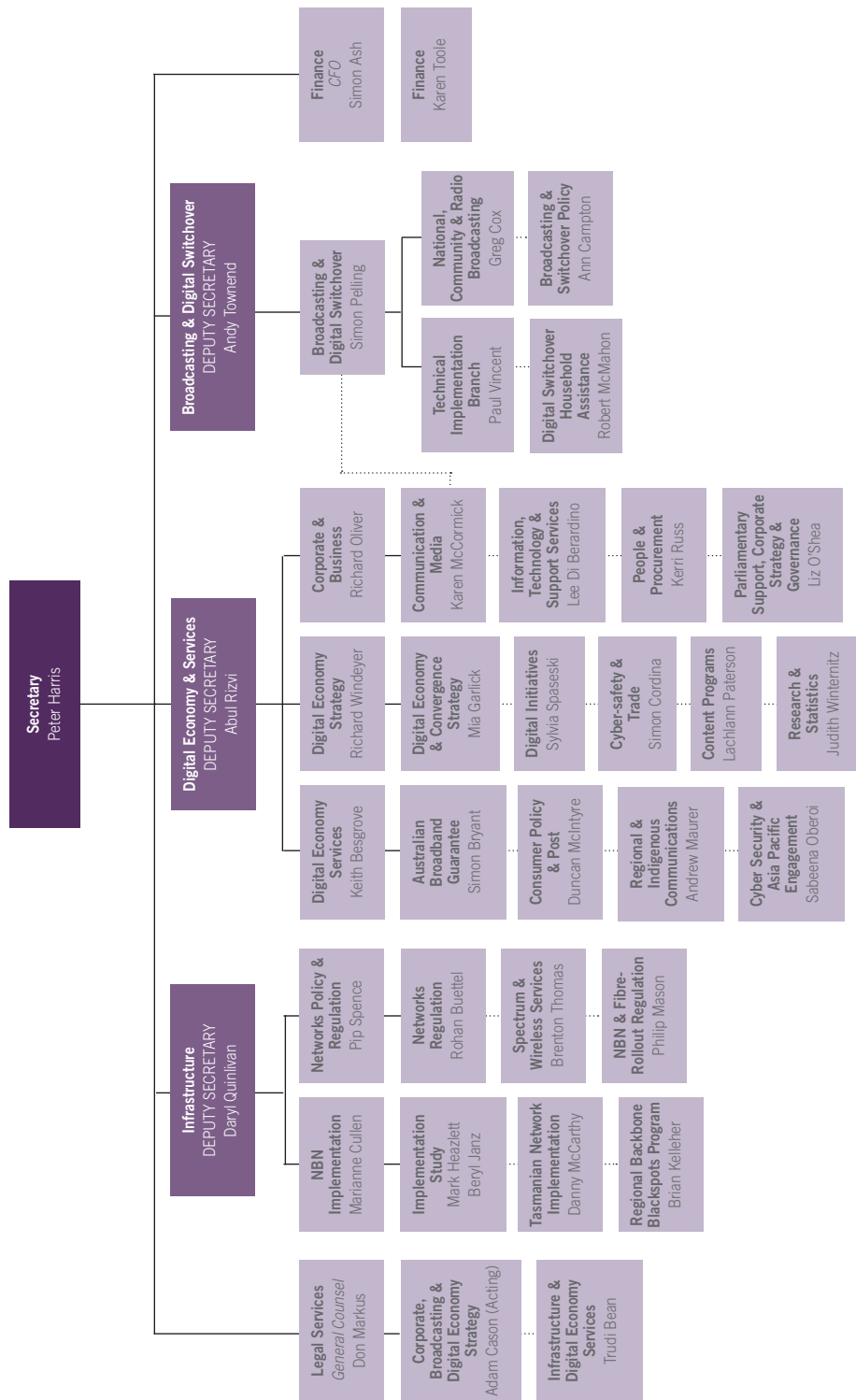
Website www.nbnco.com **Tel** 02 9926 1900 **Fax** 02 9926 1901

Special Broadcasting Service Corporation (SBS)

The SBS is a national broadcaster. It provides multicultural and multilingual services that inform, educate and entertain all Australians. Its mission is to contribute to a more cohesive, equitable and harmonious Australia through its television, radio and online services.

Website www.sbs.com.au **Tel** 02 9430 2828 **Fax** 02 9430 3700

Figure 1.2 Department of Broadband, Communications and the Digital Economy Organisation Chart as at 30 June 2010



DEPARTMENT STRUCTURE, FUNCTIONS AND SERVICES

Throughout 2009–10, the Department was led by Peter Harris, Secretary of the Department.

The Department is organised into three program groups, a legal services group and a finance group. The three program groups are Infrastructure, Digital Economy and Services and Broadcasting and Digital Switchover. The role of each group and its key personnel are outlined below.

INFRASTRUCTURE

The Infrastructure Group is responsible for implementing the National Broadband Network and associated regulatory reform. In 2009–10, it provided advice on telecommunications infrastructure, spectrum management and related matters.

Daryl Quinlivan is the Deputy Secretary, Infrastructure. Colin Lyons was the Deputy Secretary, Infrastructure until 1 March 2010. First Assistant Secretaries within the group are:

- > Marianne Cullen—National Broadband Network Implementation
- > Pip Spence—Networks Policy and Regulation

DIGITAL ECONOMY AND SERVICES

The Digital Economy and Services Group is responsible for advice on telecommunications and online services, consumer issues and postal services. It has responsibility for issues associated with the development of the digital economy, convergence, digital innovation as well as cyber-safety and cyber security. In 2009–10, it delivered a range of programs including the Australian Broadband Guarantee, the Satellite Phone Subsidy Scheme, Indigenous Communications, Clever Networks and the Digital Regions Initiative. This Group includes the Corporate and Business Division.

Abul Rizvi is the Deputy Secretary, Digital Economy and Services. First Assistant Secretaries within the group are:

- > Richard Windeyer—Digital Economy Strategy
- > Keith Besgrove—Digital Economy Services
- > Richard Oliver—Corporate and Business

BROADCASTING AND DIGITAL SWITCHOVER

The Broadcasting and Digital Switchover Group is responsible for broadcasting and digital television matters and provides advice relating to the national broadcasters as well as community and commercial broadcasting. The Digital Switchover Taskforce, which forms part of this group, manages the switchover to digital television.

Andy Townend is the Deputy Secretary, Broadcasting and Digital Switchover and Executive Director of the Digital Switchover Taskforce. The group has one First Assistant Secretary:

> Simon Pelling—Broadcasting and Digital Switchover

LEGAL SERVICES

Legal Services is responsible for: assisting the Minister and the Secretary to protect the legal interests of the Commonwealth relevant to the portfolio; providing and procuring legal services; coordinating the portfolio's legislative program; facilitating external scrutiny and coordinating the portfolio's contribution to the Government's deregulation agenda.

Don Markus is the General Counsel.

FINANCE

Finance is responsible for: coordination of the Department's Portfolio Budget Submission and Statements and Additional Estimates Statements; internal budget allocations; accounting and financial policy, procedures and guidelines; financial transaction processing and reporting; credit card management; revenue collection and banking; asset management and accounts payable.

Simon Ash is the Chief Financial Officer.

OUTCOME AND OUTPUT STRUCTURE

This report records the Department's performance against the performance indicators outlined in its 2009–10 Portfolio Budget Statements as required, using a presentation that aligns with the Department's program and organisational structure.

Figure 1.3 Changes to the Outcome and Output Structure

2009–10 Portfolio Budget Statements	2009–10 Portfolio Additional Estimates Statements	2010–11 Portfolio Budget Statements
Outcome 1: Develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians.	No change	Outcome 1: Develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians.
Program 1.1 Broadband and Communications Infrastructure: To facilitate the increased availability of fast, affordable and reliable broadband and communications infrastructure across Australia. Referred to as Infrastructure in this report.	No change	Program 1.1 Broadband and Communications Infrastructure: To facilitate the increased availability of fast, affordable and reliable broadband and communications infrastructure across Australia. Referred to as Infrastructure in this report.
Program 1.2 Telecommunications, Online and Postal Services: To support all Australians to safely and securely realise the full potential of the digital economy. Ensure the availability and reliability to consumers and businesses of reasonably priced basic and essential communications services. Referred to as Digital Economy and Services in this report.	No change	Program 1.2 Telecommunications, Online and Postal Services: To support all Australians to safely and securely realise the full potential of the digital economy. Ensure the availability and reliability to consumers and businesses of reasonably priced basic and essential communications services. Referred to as Digital Economy and Services in this report.
Program 1.3 Broadcasting and Digital Television: Ensure the smooth transition to digital television by the end of 2013. Support access to high quality and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations. Referred to as Broadcasting and Digital Switchover in this report.	No change	Program 1.3 Broadcasting and Digital Television: Ensure the smooth switchover to digital only television by the end of 2013. Support access to high quality, innovative and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations. Referred to as Broadcasting and Digital Switchover in this report.



2

PERFORMANCE REVIEW

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PERFORMANCE REVIEW

This section reports on the Department's performance in implementing its three programs against the success measures published in the Department's 2009–10 Portfolio Budget Statements and Portfolio Additional Estimates Statements and in managing its finances. We also measure performance against the service standards set out in our *Service Charter*.

The three programs are:

- > Broadband and Communications Infrastructure (referred to as 'Infrastructure' in this report)
- > Telecommunications, Online and Postal Services (referred to as 'Digital Economy and Services' in this report)
- > Broadcasting and Digital Television (known as 'Broadcasting and Digital Switchover' in this report).

The contribution of risk management to achieving the department's objectives is covered in the Management and Accountability section of this report.

CLIENT SATISFACTION

Each year, the Department conducts a client service survey to assess the level of client satisfaction against each of the standards outlined in our *Service Charter*. Clients are able to provide feedback on our performance across a range of areas, outlined in Table 2.1.

The 2010 survey achieved a response rate of 51.9 per cent, compared with a 48.7 per cent response rate in 2009. Overall, the survey results showed that 95 per cent of respondents rated the Department's overall service as satisfactory or better and 74 per cent of clients rated our overall service as good to excellent.

Table 2.1 outlines trends in our performance over three years against the standards in the *Service Charter*. Over the previous three years, the client service survey has demonstrated improvements in our website, the development and review of policy and legislation and administration of funding programs. We have maintained over 90 per cent satisfaction rates in areas such as telephone and email dealings with clients, communication with our clients, provision of services and overall customer service.

Table 2.1 Outcomes of the 2008, 2009 and 2010 Client Service Satisfaction Surveys—overall results (rated performance as satisfactory to excellent percentage)

Service Area	2008 Result [%]	2009 Result [%]	2010 Result [%]
Communication	97	95	94
Telephone dealings with clients	95	96	95
Email dealing with clients	95	94	94
Written inquiries	93	92	89
Website	88	89	93
Administration of funding programs	92	96	93
Provision of services	93	91	91
Development and review of policy and legislation	82	88	86
Overall customer service	97	95	95

In the coming year, we will focus on the areas of administration of funding programs, our website, consultation processes in relation to policy and legislation and increasing awareness of our *Service Charter*.

INFRASTRUCTURE

The Infrastructure Group supports efficient investment in fast and reliable broadband and communications infrastructure across Australia by:

- > implementing the National Broadband Network initiative
- > providing strategic advice on reform of current infrastructure regulation to make it work more effectively, particularly during the rollout of the National Broadband Network
- > supporting efficient management and allocation of radio frequency spectrum (including re-allocation of spectrum to the highest value use by the community, where appropriate)
- > developing policy advice to address changing consumer and industry demand for spectrum
- > working with other agencies and industry to protect Australia's critical infrastructure.

NATIONAL BROADBAND NETWORK

In 2009–10, the Department made significant progress in the Australian Government's objective to deliver the National Broadband Network to all Australians. The National Broadband Network is planned to provide vastly improved services, drive productivity improvements and enhance competition in the telecommunications sector.

A key milestone in the reporting year was the completion of the National Broadband Network Implementation Study. We delivered the Implementation Study to the Government on 5 March 2010 and it was publicly released on 6 May 2010. The Department commissioned McKinsey & Co and KPMG as lead adviser in the Implementation Study.

The Implementation Study covered a range of matters including technology, financing, ownership, policy framework and market structure of this infrastructure project. It entailed seven months of detailed work, including consultation with over 140 industry stakeholders. A steering committee of APS agencies and NBN Co, led by this Department, worked with the lead adviser to produce the Study. The report contained 84 recommendations and more than 500 pages of explanation and supporting analysis. The Implementation Study concluded that the National Broadband Network was achievable and viable.

Following the Study's public release, we managed a three week public consultation process. This has informed our advice to the Government on its response to the Implementation Study and NBN Co in developing its business plan and network architecture.

SUPPORTING LEGISLATION

On 19 August 2009, the Australian Government introduced the Telecommunications Legislation Amendment (National Broadband Network Measures—Network Information) Bill 2009 into the Parliament. The objective of the Bill is to facilitate access to network information held by carriers and utility companies, which may be needed to support the National Broadband Network rollout. The Bill is currently awaiting debate in the Senate.

As part of the National Broadband Network initiative, the Government is committed to ensuring that an appropriate and effective telecommunications regulatory framework is in place, including during the transition to the National Broadband Network.

The Department advised and assisted the Government in developing a package of reforms to the existing telecommunications regulatory regime, which culminated in the Government introducing the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2009 in Parliament on 15 September 2009. The Bill was passed by the House of Representatives on 22 October 2009 and was introduced in the Senate on 26 October 2009.

A major objective of the reforms was to address Telstra's level of integration, while also providing it with the flexibility to choose its future path. The Bill was structured to: address Telstra's incentives to discriminate against its wholesale customers by requiring Telstra to functionally separate, unless it voluntarily structurally separates; and prevent Telstra from acquiring new spectrum used for advanced wireless broadband services while it continues to dominate across the major copper, cable and mobile telecommunications platforms. These reforms address long-standing and widespread concerns that the existing telecommunications market structure is failing consumers, businesses and the economy in general.

On 24 February 2010, the Minister issued exposure drafts of:

- > The National Broadband Network Companies Bill 2010—covering NBN Co's wholesale-only obligation, ownership, reporting and governance arrangements.
- > The Telecommunications Legislation Amendment (National Broadband Network Measures—Access Arrangements) Bill 2010—covering NBN Co's access arrangements, including transparency and non-discrimination requirements.

APPOINTMENT OF DIRECTORS TO NBN CO

In 2009–10, nine permanent directors were appointed to NBN Co, the company established to rollout and operate the National Broadband Network. They are: Mr Harrison Young, Mr Mike Quigley, Mr Doug Campbell AM, Mr Peter Hay, Ms Siobhan McKenna, Ms Diane Smith-Gander, Mr Gene Tilbrook, Mr Clem Doherty and Mr Terrence Francis. The directors appointed have diverse backgrounds, strong skills and relevant experience. The Remuneration Tribunal set the remuneration of the directors.

NATIONAL INFORMATION CAMPAIGN

The Department implemented a national information campaign to inform Australians about the uses and benefits of high speed broadband. This campaign commenced in June 2010 using television and print advertising, supported by a website with more detailed information. A series of community forums also forms part of the campaign.

COMMUNITY FORUMS

In 2009–10, the Department held a series of community forums to inform local government, businesses and householders about the opportunities presented by high speed broadband and to increase awareness of the National Broadband Network. Forums were hosted in Perth, Western Australia; Toowoomba, Queensland; Smithton, Tasmania; Ballarat, Victoria; and Broken Hill, New South Wales.

FIBRE IN NEW DEVELOPMENTS

Following extensive consultation and consideration of the Implementation Study recommendations, on 20 June 2010 the Government announced that from 1 January 2011, NBN Co will act as the wholesale provider of last resort in new developments constructed within, or adjacent to, NBN Co's long-term fibre footprint.

The Government also introduced the Telecommunications Legislation Amendment (Fibre Deployment) Bill 2010 into Parliament on 18 March 2010. The Bill provides a framework for the installation of fibre optic infrastructure in new developments.

ROLLOUT OF SERVICES IN TASMANIA

The Australian Government established a wholly-owned subsidiary of NBN Co Ltd, NBN Tasmania Ltd, and appointed Mr Doug Campbell AM as Executive Chair.

The Government announced three rollout stages during the reporting period. These were:

- > Stage 1: Smithton, Scottsdale and Midway Point with the first services to these communities by July 2010.
- > Stage 2: Sorell, Deloraine, George Town, St Helens, Triabunna, Kingston Beach and South Hobart.
- > Stage 3: 40 000 premises in Hobart, 30 000 premises in Launceston, and 10 000 premises each in Devonport and Burnie.

REGIONAL BACKBONE BLACKSPOTS PROGRAM (RBBP)

The Department issued a Request for Tender in July 2009 for the RBBP to build, operate and maintain fibre optic backbone infrastructure in six priority regional locations, designed to address the monopoly backhaul impediments to market efficiency. The Department concluded tender evaluations and contract negotiations and the Australian Government announced Nextgen Networks as the successful tenderer in early December 2009.

When complete, the network will deliver approximately 6000 km of new optical fibre backbone with more than 100 service-ready network access points, benefiting 400 000 consumers in regional Australia. The Department is monitoring the progress of construction which is on schedule, with the deployment of more than 1100 km of optical fibre backbone as at 30 June 2010.

In 2009–10, administered capital expenditure incurred by the program was \$44.5 million.

RURAL NATIONAL BROADBAND NETWORK COORDINATORS

On 6 May 2010, the Department commenced a recruitment process for Rural National Broadband Network Coordinators to increase awareness and take-up of opportunities enabled by new backbone infrastructure funded under the RBBP. The Coordinators will work to ensure the benefits of this infrastructure investment support regional communities, businesses and local governments. The Department met expenses including the set up of this program in 2009–10.

FAST FIBRE HIGHWAYS FOR THE BUSH

The Regional Backbone Blackspots Program aims to provide a timely improvement to communications services by rolling out competitive backbone transmission links to priority locations in regional Australia. 'Backbone' refers to the very high capacity links—or the 'digital highways'—that retail service providers use to support delivery of high quality broadband and phone services.

From the Program's commencement in April 2009, the Department sought to ensure:

- > The backbone infrastructure to be constructed under the program would facilitate an immediate improvement in service outcomes for regional consumers.
- > The infrastructure would have sufficient future capacity to support the broader rollout of the National Broadband Network as well as other infrastructure investments (e.g. 3G and 4G mobile networks) by private sector retailers.
- > The Government's investment of \$250 million would deliver value for money and a timely rollout.

After extensive stakeholder engagement, which informed the selection of locations for the rollout, the Request for Tender was released on 1 July 2009. A detailed evaluation process took place in the second half of 2009.

Nextgen Networks (Nextgen), an established operator of a national backbone network in Australia, was announced as the successful tenderer in early December 2009, with construction commencing near Mount Isa in February 2010. Nextgen's solution will benefit up to 400 000 people in over 100 regional locations, including all priority locations identified in the tender. A number of service providers are already in discussions with Nextgen regarding the potential to use the infrastructure to offer new services in regional markets.

In total, Nextgen expects the project will generate 1000 full-time equivalent positions.



Nextgen Networks laying fibre optic cable just north of Mt Isa, Queensland

SPECTRUM POLICY

Access to radiofrequency spectrum is critical to the provision of communications services which play a central role in everyday life. These include broadcast services, mobile telephony and wireless broadband. These services are an integral part of social and business activity. The rapidly increasing demand for finite spectrum resources for more wireless services, broadcast space and increased mobility places pressure on incumbent users and raises policy issues of industry and consumer access.

On 24 June 2010, the Minister announced the Australian Government's decision to release 126 MHz of contiguous spectrum in the upper ultra-high frequency (UHF) band, comprising the frequency range 694 to 820 MHz inclusive. The Government's decision was made following consultation through the *Digital Dividend Green Paper*, which was issued on 5 January 2010. The Green Paper indicated the broad principles the Government used in consideration of the digital dividend, including the recognition that there may be some trade-offs between efficiency on the one hand, and the level of disruption to current spectrum users on the other. Over 100 submissions to the Green Paper were received.

On 3 March 2010, the Government announced a separate process for the re-issue of certain 15-year spectrum licences which expire between 2013 and 2017. These licences are used primarily to deliver 2G and 3G mobile phone and wireless broadband services to millions of Australian consumers. The Government is considering their renewal in accordance with the *Radiocommunications Act 1992*. The Department has commenced information-gathering discussions with a number of licence holders to inform decisions on possible spectrum licence renewal.

The Radiocommunications Legislation Amendment Bill 2010 was introduced in the House of Representatives on 16 June 2010. This Bill will allow for greater efficiencies in spectrum use through the introduction of coexistence of class and spectrum licences; and removes the two year time limit for the ACMA to initiate spectrum licence reissue.

The Department also administers Australia's membership of the International Telecommunication Union (ITU) and the associated member state contribution as part of Australia's international efforts to encourage efficient use of spectrum resources and to promote effective global telecommunications standards.

The Department participated in the World Telecommunication Development Conference in Hyderabad, India, from 24 May to 4 June 2010 which determined the work priorities for the ITU Development sector for the next four-year period (2011–2014), addressing cyber security, internet governance and accessibility for persons with disabilities, climate change and emergency communications.

INFRASTRUCTURE SECURITY

During 2009–10, the Department provided secretariat and program support to three communications and information technology security groups under the Trusted Information Sharing Network, a collaboration between government and industry for the resilience of critical infrastructure.

Key achievements included:

- > developing a Strategic Statement, adopted in June 2010, for the communications sector highlighting benefits of participation and key focus areas
- > producing two new and three revised IT security advisory papers for critical infrastructure owners and operators
- > facilitating the communications sector's participation in national exercises and research activities
- > assisting owners and operators of industrial control systems to attend international cyber security training
- > facilitating good practice guidance for industrial control systems operators.

INTERNET GOVERNANCE

The Department represents Australia on the Governmental Advisory Committee (GAC) of the Internet Corporation for Assigned Names and Numbers (ICANN). ICANN is the international, not-for-profit corporation responsible for the naming and numbering systems that underpin the efficient operation of the internet. Over 2009–10, we have been a key player in the GAC.

Key achievements included:

- > The introduction of safeguards within ICANN's new generic Top Level Domain process to protect the legitimate interests of business and consumers (such as measures to better protect rights holders and to prevent consumer confusion and malicious conduct).
- > Significant progress with measures to improve coordination between law enforcement agencies and ICANN-accredited registrars and to address concerns about criminal misuse of the domain name system.
- > The introduction of internationalised top level domain names into the domain name system (such as '.中国' for China).
- > The Department also liaises with the .au Domain Administration (auDA), which is the independent, not-for-profit administrator of the '.au' domain name space. As part of this role, the Department is an observer on auDA's Board of Directors.

DIGITAL ECONOMY AND SERVICES

The Digital Economy and Services Group assists Australians to make best use of broadband and communications infrastructure through:

- > promoting use of the digital economy to Australian businesses, public sector service providers and individuals
- > improving communication services for those living and working in regional, rural and remote Australia
- > supporting more innovative delivery of online services, via the National Information and Communication Technology Centre of Excellence and the Clever Networks and the Digital Regions programs
- > protecting the interests of consumers via the Australian Communications Consumer Action Network (ACCAN); the Government's Cyber-Safety Plan and cyber security awareness initiatives; and strategic change in the postal service, including in terms of its role in the digital economy.

PROMOTING THE DIGITAL ECONOMY

The Australian Government defines the 'digital economy' as the global network of economic and social activities that are enabled by platforms such as the internet, mobile and sensor networks. The digital economy is accessed through familiar devices such as computers, phones and game consoles. It includes such things as the web searches that we do to find information, electronic banking and online maps that we consult.

A successful digital economy is essential for Australia's economic growth and improved productivity, as well as for the way we interact socially. It offers new opportunities for businesses to access a larger, potentially global, market and for individuals to connect and collaborate.

The Department prepared a paper titled *Australia's Digital Economy: Future Directions*, which outlined a vision for the digital economy and a framework for maximising Australia's online participation including roles for government, industry and the community. The paper also announced that the Government would host a forum to assist Australia's research community and commercial sector to map the applications and business models which will thrive in our high speed future.

On 10 and 11 December 2009, representatives of the Australian research community and commercial sector participated in the Realising Our Broadband Future forum. Discussion at the forum and online tools used were divided into five streams: e-Health, Digital Education, e-Business, Smart Infrastructure and e-Communities. The ideas generated at the forum are part of a broader policy process to develop Australia's National Broadband Network-enabled digital economy.

REALISING OUR BROADBAND FUTURE FORUM

On 10 and 11 December 2009, the former Prime Minister, the Hon. Kevin Rudd MP and the Minister for Broadband, Communications and the Digital Economy, the Hon. Senator Stephen Conroy hosted the Realising Our Broadband Future forum.

Keynote speakers included Mike Quigley, Chief Executive Officer of NBN Co, Jeffrey Cole, Director of the University of Southern California's Annenberg School and Vinton G. Cerf, Vice President and Chief Internet Evangelist, Google. The purpose of the Forum was to bring representatives of the commercial, research and community sectors together to discuss the applications and business models that would thrive in a high speed broadband world.

Close to 380 people attended the conference in person with many more participating via four remote sites that were self-organised by community groups in Parramatta, Melbourne, Brisbane and Adelaide. Plenary sessions were also webcast live and over 34 000 people watched the live streams.

Over 3500 Tweets were posted sharing ideas and commenting on the Forum's presentations and participants. The Twitter hashtag for the event—*#bbfuture*—was the most popular hashtag in Australia during the two days the forum was held.

To enable everyone to collaborate more effectively to contribute ideas and suggestions, wikis were established where lead editors harnessed the collective wisdom of panelists and participants.

Reactions to the Forum included this tweet from joram10,* 'i#bbfuture What a top experience—sitting in my office on the Sunshine Coast but participating as if I were there—sign of things to come'. One commentator described the Forum as a 'watershed for Gov 2.0 within Australia'.**

Details from the Forum, including video recordings of plenary sessions, audio recording of session streams, presentations and wikis are available at www.broadbandfuture.gov.au.



Participants at the Realising Our Broadband Future Forum

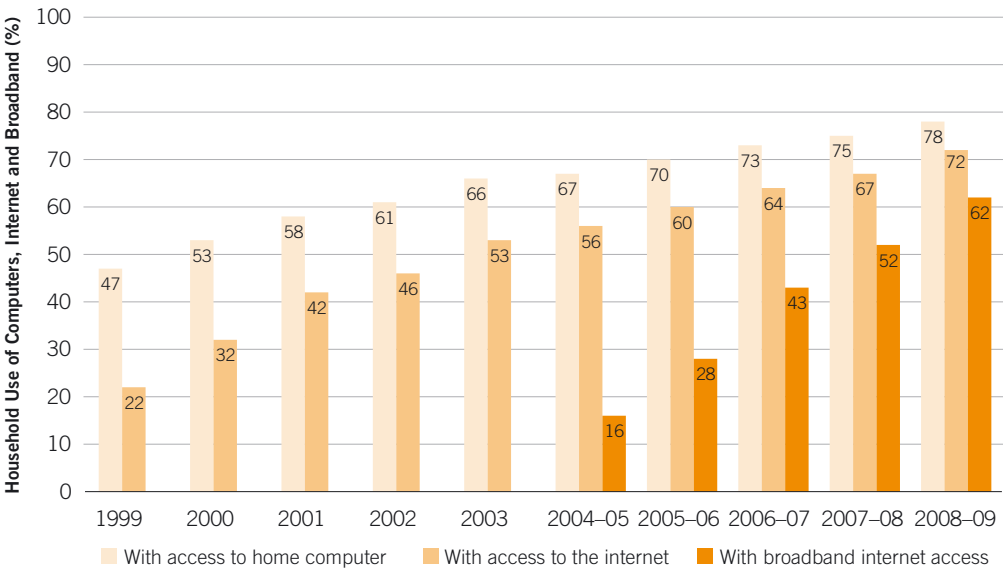
* <http://twitter.com/joram10/statuses/6558291431>

** <http://egovau.blogspot.com/2009/12/watershed-in-australian-gov-20.html>

CONSUMER AND BUSINESS ENGAGEMENT IN THE DIGITAL ECONOMY

Australian households and businesses continue to adopt the internet and broadband both at home and in business. In 2008–09, approximately 78 per cent of Australian households had a computer and, of those, 92 per cent were connected to the internet (that is 72 per cent of all households). Of the 72 per cent with internet (refer to Figure 2.1), close to 86 per cent had broadband (that is 62 per cent of all households). This compares to 29 per cent with broadband (that is 16 per cent of all households) in 2004–05, and illustrates the rapid take-up of broadband by Australians.

Figure 2.1 Household take-up of computers, internet and broadband 1999 to 2008–09

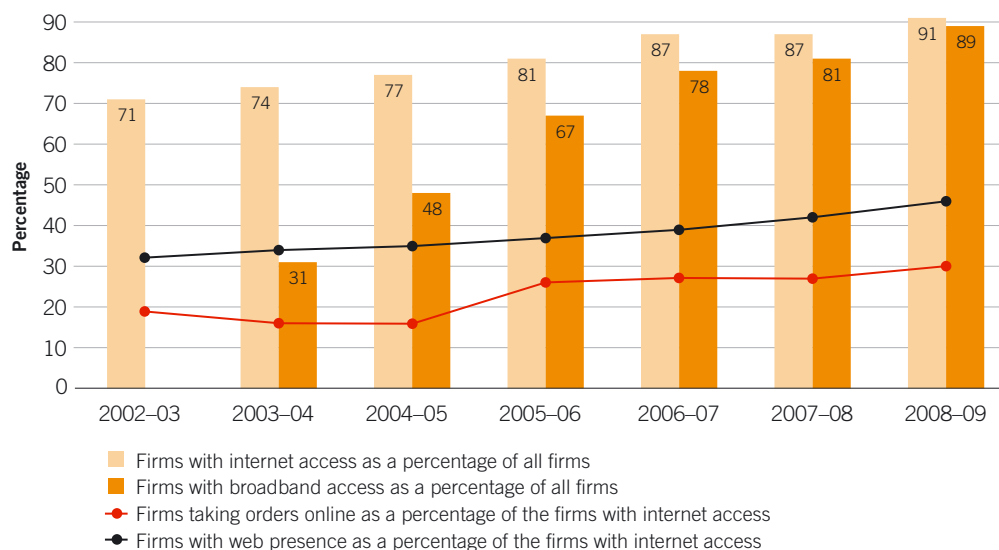


Notes: Broadband data was not collected prior to 2004–05. Broadband refers to an ‘always on’ internet connection with an access speed equal to or greater than 256 kilobits per second.

Source: ABS Household Use of Information Technology 2008–09 (Cat. No 8146.0), issued 16 December 2009

Businesses experienced an even greater take-up of the internet and broadband. Figure 2.2 below demonstrates that in 2008–09, 91 per cent of businesses had internet access and 98 per cent of these (that is 89 per cent of all businesses) had broadband. The data also suggests there is significant potential for business—particularly small business—to further engage with the digital economy. Of all businesses using the internet in 2008–09, only 42 per cent had a web presence, and only 27 per cent took orders online.¹

1 Australian Bureau of Statistics, *Summary of IT Use and Innovation in Australian Business 2008–09*, Cat. No. 8166.0, 24 June 2010, see: www.abs.gov.au/ausstats/abs@.nsf/mf/8166.0

Figure 2.2 Business use of internet, broadband and e-Commerce 2002–03 to 2008–09

Source: ABS, 8166.0 – Summary of IT Use and Innovation in Australian Business, 2008–09, released 24 June 2010²

The Organisation for Economic Co-operation and Development's (OECD) comparative statistics indicate Australia was 17th in terms of broadband penetration as of December 2009.³ In October 2009, the OECD ranked Australian broadband prices⁴ as being overall fifth most expensive out of the OECD group of 30 countries for average broadband monthly subscriptions, including third most expensive for very low speed connections⁵ and 11th most expensive for medium speed connections.⁶

The OECD is encouraging member states to develop a deeper understanding about the progress of the digital economy, including by collecting more comprehensive internationally compatible data. As a result, we have taken a leadership role with the Australian Bureau of Statistics, other government agencies and the states and territories, to expand and improve the information available.

2 downloaded from www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/3039B1BD9F3F0ED4CA25774B001909E4?opendocument

3 OECD Broadband Portal, comparative broadband penetration rankings for December 2009, www.oecd.org/sti/ict/broadband, table 1d.

4 See www.oecd.org/document/54/0,3343,en_2649_34225_38690102_1_1_1_1,00.html#prices, table 4e.

5 See www.oecd.org/dataoecd/32/27/43922088.xls

6 See www.oecd.org/dataoecd/33/3/43922143.xls

IMPROVING SERVICES IN REGIONAL, RURAL AND REMOTE AUSTRALIA

The Department is improving services to regional, rural and remote Australia, and continuing to implement the Australian Government's response to the Regional Telecommunications Independent Review. In 2009–10, we administered the following programs:

- > Indigenous Communications Program (ICP)
- > Satellite Phone Subsidy Scheme
- > Australian Broadband Guarantee
- > Digital Regions Initiative

INDIGENOUS COMMUNICATIONS PROGRAM

The objective of the Indigenous Communications Program is to improve access to telecommunications for Australians living in remote Indigenous communities, so that they are able to take full advantage of the economic, educational, social and cultural opportunities offered by the digital economy. As part of the Government's response to the recommendations of the Regional Telecommunications Independent Review Committee, the program refocused and enhanced the previous Backing Indigenous Ability Program and commenced on 1 July 2009.

The Program has two elements:

- > The Community Phones element provides funding to install and maintain community phones in remote Indigenous communities and provides satellite handsets where appropriate. It aims to provide up to an additional 320 community phones in small, remote Indigenous communities throughout Australia.
- > The Internet Access and Training element provides funding to improve access in remote Indigenous communities to public internet facilities and computer training, in partnership with the State and Northern Territory Governments.

Funding for the Community Phones element is administered by the Department. Funding for the Internet Access and Training element is appropriated to Treasury.

Community phones element

For 2009–10, \$5.9 million in administered expenses were incurred.

Key outcomes of the program were:

- > 237 existing fixed phones and 24 mobile satellite handsets were maintained and monitored.
- > 63 additional fixed community phones (51 were fixed satellite phones) and 25 mobile satellite handsets were provided, maintained and monitored.
- > Across all Indigenous community phones, the average time the community phones were fault free was 93.25 per cent.
- > Six organisations were engaged to act as Community Liaison Officers to identify, consult and nominate eligible communities in need of a community phone.

Internet access and training element

The Internet Access and Training element of the Indigenous Communications Program is being implemented in collaboration with State and Territory Governments under a National Partnership Agreement. On 2 July 2009, the Council of Australian Governments (COAG) agreed to the National Partnership Agreement entitled *Closing the Gap: the National Partnership Agreement on Remote Indigenous Public Internet Access*. It was signed by the participating jurisdictions of New South Wales, Northern Territory, Queensland, South Australia, Tasmania and Western Australia.

Under the National Partnership Agreement, the Commonwealth and each participating State and Territory agree on annual implementation plans. These plans determine the communities to which services will be provided in each financial year. They also establish performance requirements for the delivery of public internet access facilities and computer and internet training. In 2009–10, five of the six participating jurisdictions (NSW, NT, SA, QLD and WA) agreed on implementation plans with the Commonwealth.⁷ Following consultation with communities, Tasmania did not submit an implementation plan for 2009–10.

During 2009–10, the program improved the availability of public internet access facilities in 12 remote Indigenous communities, which have a total population of over 4600 people. Of these, seven communities previously had no public internet access facilities. Residents in these communities now have regular access to the internet, free of charge, via fixed personal computers in a community building. Training in how to access and use the internet was provided in 30 communities to 329 people. Participating jurisdictions expect to complete outputs agreed under 2009–10 implementation plans during the first quarter of the 2010–11 financial year. This is expected to provide a further 34 remote Indigenous communities with improved public internet access facilities and 12 communities with internet training.

For 2009–10, the program incurred administered expenses of \$600 000.

⁷ No eligible communities are located in Victoria or the Australian Capital Territory.

INDIGENOUS COMMUNICATIONS PROGRAM—FIXED COMMUNITY PHONES



A fixed satellite community phone at 3 Mile Outstation in the Northern Territory

In remote communities, access to a phone can sometimes be the difference between life and death. In early 2009, Australian Private Networks Pty Ltd (APN) was selected as the preferred provider to design, provide, install, monitor and maintain up to 300 community phones in remote Indigenous communities, particularly where there is no terrestrial-based telecommunications infrastructure. A test site for the new phone design went live in May 2009.

Following the success of this initial deployment, the Department and APN worked together to install more phones in communities across the north of Western Australia, the Northern Territory, Cape York Peninsula and South Australia. Between August 2009 and June 2010, 51 fixed satellite community phones were installed. Up to 250 more community phones will be installed between July 2010 and June 2012. Free calls can be made from these phones to most of Australia's home and business telephone numbers. Prepaid calling cards can be used to call mobile phones, 13 hundred and international numbers. This enables people in remote areas to access the emergency, government and business services that most Australians take for granted.

The new community phones have proved to be very popular, with over 32 000 calls made in the 12 months from the installation of the first batch of phones. Some of the phones are reported to have become regular meeting places, with tables, chairs and barbeques set up in close proximity to the phone.

On Australia Day 2010, Ms Kerrie Westcott PSM was awarded the Public Service Medal for 'Outstanding service in the development and implementation of the Indigenous Communications Program'. Kerrie is the Manager of the Indigenous Communications Program—Community Phones element.

SATELLITE PHONE SUBSIDY SCHEME

For around 75 per cent of Australia's land mass, the only commercially viable option for mobile phone services is via satellite. Satellite mobile phone services are available from a number of providers.

The Satellite Phone Subsidy Scheme (the Scheme) improves the affordability of mobile communications for people living and working in areas without terrestrial mobile coverage, by providing subsidies for the purchase of satellite phone handsets. The Scheme has been in place since 2002.

For 2009–10, the Scheme incurred administered expenses of \$1.3 million. During 2009, the Scheme was extended and enhanced as part of the Government's response to the Regional Telecommunications Review. The enhancements included:

- > an increase in the subsidy level from 60 per cent of the handset cost to 85 per cent
- > better access for health and emergency service organisations to subsidies and additional handsets under the Scheme.

2009–10 saw the demand for subsidies increase marginally with 1578 subsidies provided during the year compared with 1401 in 2008–09. Competition in the satellite handset market has led to a reduction in handset costs. This has resulted in a reduction in the average subsidy paid.

These lower than average subsidy payments resulting from changes in the satellite phone market, together with increased demand for the purchase and installation of community phones in remote Indigenous communities, prompted a transfer of funds from the Scheme to the Indigenous Communications Program.

During 2009–10, we undertook a range of activities to raise awareness about the Scheme. These aimed to remind people of the existence of the Scheme, promote the enhanced subsidy arrangements and provide information that would be of particular use to those in bushfire prone areas of Australia. These activities included placing press, radio and billboard advertisements, in addition to promoting the Scheme at travel and trade shows.

AUSTRALIAN BROADBAND GUARANTEE

The Australian Broadband Guarantee program provides reasonably priced broadband services to all Australian households that are unable to access metro-comparable broadband services on commercial terms.

In 2009–10, the following threshold service was required to be offered by registered providers:

- > Access to the internet at a peak download/upload data speed of at least 512/128 kbps⁸ and at least 3GB per month usage allowance (with no restrictions within these limits on downloads or uploads or on usage time or peak/off peak limitations).
- > A price to the customer over three years of no more than \$2500 (GST inclusive) including equipment, installation, connection, account establishment and ongoing provision of service.

Of the 31 038 connections subsidised in 2009–10, 29 445 or 95 per cent, were satellite connections to areas where there were no terrestrial wireless services available under the Program. To enable equitable broadband access, the Australian Broadband Guarantee provides incentive payments of up to \$2500 for standard installations and up to \$6000 for installations in very remote and difficult to serve areas.

New standards apply to the Australian Broadband Guarantee for the 2010–11 program. These include doubling the speed and data allowance for the threshold service, tighter monitoring of data speed and performance, and greater consumer protection measures, with a three-year warranty on all new equipment.

Special arrangements apply to wireless providers who were registered under the Australian Broadband Guarantee program in 2008–10 and were still registered on 30 June 2010. They continue to receive the subsidy within pre-existing service areas and for pre-existing eligible premises, in recognition of their significant investment in infrastructure.

For 2009–10, the program incurred administered expenses of \$77.8 million.

ONLINE AND COMMUNICATIONS COUNCIL

The Online and Communications Council comprises the Minister for Broadband, Communications and the Digital Economy, the Minister for Finance and Deregulation, a relevant Minister from each State and Territory Government and the President of the Australian Local Government Association.

At its 17th meeting on 12 November 2009, the Council strongly endorsed the concept and implementation of the National Broadband Network to benefit all Australians. Members made a commitment to the development of comprehensive and reliable data sets to assist planning and tracking progress of the digital economy including the impact of the National Broadband Network at regional, state and national levels.

The Council also committed to the *Framework for the provision of communications services to Indigenous communities* to address communications issues in Indigenous communities.

⁸ Registered providers were required to achieve at least 60 per cent of the nominated peak speed of their services at least 75 per cent of the time, according to the Department's independent testing.

EMBRACING THE NATIONAL TELEPRESENCE SYSTEM

The Australian Government established the national TelePresence system between the Commonwealth and the states and territories in 2008–09. TelePresence simulates a live face-to-face meeting environment over a secure network, using high-quality spatial audio, user friendly technology and life-like video. Participants can meet in many rooms at once all over Australia.

TelePresence offers both economic and environmental advantages by reducing the reliance on air travel and enhanced productivity, responsiveness and efficiency of Government through a reduction in out of office time.

The TelePresence online booking system calculates a cost estimate at the time of booking and takes the following factors into account when estimating travel savings:

- > full-time employee cost associated with time spent travelling and waiting (taxi travel, airport wait, and air travel)
- > cost of air fares
- > cost of taxi fares
- > cost of accommodation for longer distance travel.

It then deducts the electricity cost of running TelePresence for the session attended.

The Online and Communications Council Standing Committee and two of its working groups conducted meetings by TelePresence during 2009–10 across eight locations nationally.



*Photo of
TelePresence
in operation**

* Courtesy of Cisco Systems Inc. Unauthorised use not permitted.

The *Framework for the provision of communications services to Indigenous communities* supports a COAG commitment, the National Partnership Agreement, established on 2 July 2009, with the task of 'Closing the Gap' in Indigenous disadvantage.

SUPPORTING INNOVATIVE DELIVERY OF ONLINE SERVICES

NATIONAL ICT AUSTRALIA LIMITED (NICTA)

The ICT Centre of Excellence Program funds NICTA, which is a major ICT research, training and commercialisation institution. It involves the cooperation of four state and territory governments and seven universities.

For 2009–10, a total of \$50.9 million, of which \$25.4 million was provided by the Department and \$25.4 million was provided by the Australian Research Council (ARC), to support NICTA's outcomes, which included:

- > major new international research collaborations with organisations such as the Fraunhofer Institute for Experimental Software Engineering (Germany) and the Institute for Infocomm Research (Singapore)
- > the establishment of an e-Government technology cluster
- > further spin-out activity through the establishment of Cohesive Data to commercialise data compression technology particularly suitable for mobile devices and networks.

The level of commercial revenue generated by the ICT Centre of Excellence in the 2009 calendar year was \$2.9 million.

NICTA has five research laboratories (two in Sydney and one each in Melbourne, Canberra and Brisbane) with around 600 research staff, professional staff and students (FTE) working on more than 15 major research projects and associated commercialisation. As at 31 December 2009, there were 234 PhD candidates sponsored by NICTA and 53 new jobs generated as a result of NICTA's spin out activities.

Following the outcomes of a program review in 2008–09, the Department and the ARC worked with NICTA in 2009–10 to:

- > improve value-for-money
- > encourage continuous improvement
- > improve organisational arrangements
- > enhance engagement with key stakeholders such as university partners.

These reforms form part of the conditions for NICTA's new funding of \$185.5 million for the period from 2011–12 to 2014–15.

NICTA

International collaboration—taking the wheel for Australia's transport and logistics industry

With its breakthrough information and communications technology research and robust commercialisation pipeline, NICTA is making important contributions to Australia's digital economy.

In March 2010, NICTA announced a five-year agreement with the Fraunhofer Institute for Experimental Software Engineering (IESE) to establish the Fraunhofer Project Group on Transport and Logistics at NICTA's Sydney (Australian Technology Park) laboratory. The agreement creates a framework for joint research work to solve difficult problems in transport and logistics.

NICTA and IESE are committing over \$11 million to the Project Group which will research solutions to deliver better efficiency and effectiveness in the transport and logistics sectors. The Project Group will work closely with leading transport and logistics related companies to bring together an impressive suite of international engineering, science and business expertise to tackle real world problems.

Fraunhofer Gesellschaft is the largest organisation for applied research in Europe with a central role in the global innovation system. Having one of its institutes, IESE, establish a Project Group at NICTA will enhance Australia's ability to participate in major international research networks.

The Project Group will complement NICTA's work in areas such as smart roads, transport logistics and safe infrastructure, building strong international partnerships.



Developing systems for more efficient and safer transport systems

CLEVER NETWORKS

The four year Clever Networks program concluded on 30 June 2010, having achieved its objective of improving services in regional, rural and remote communities. For 2009–10, the program incurred administered expenses of \$18.7 million.

Clever Networks funded 52 projects in the following areas.

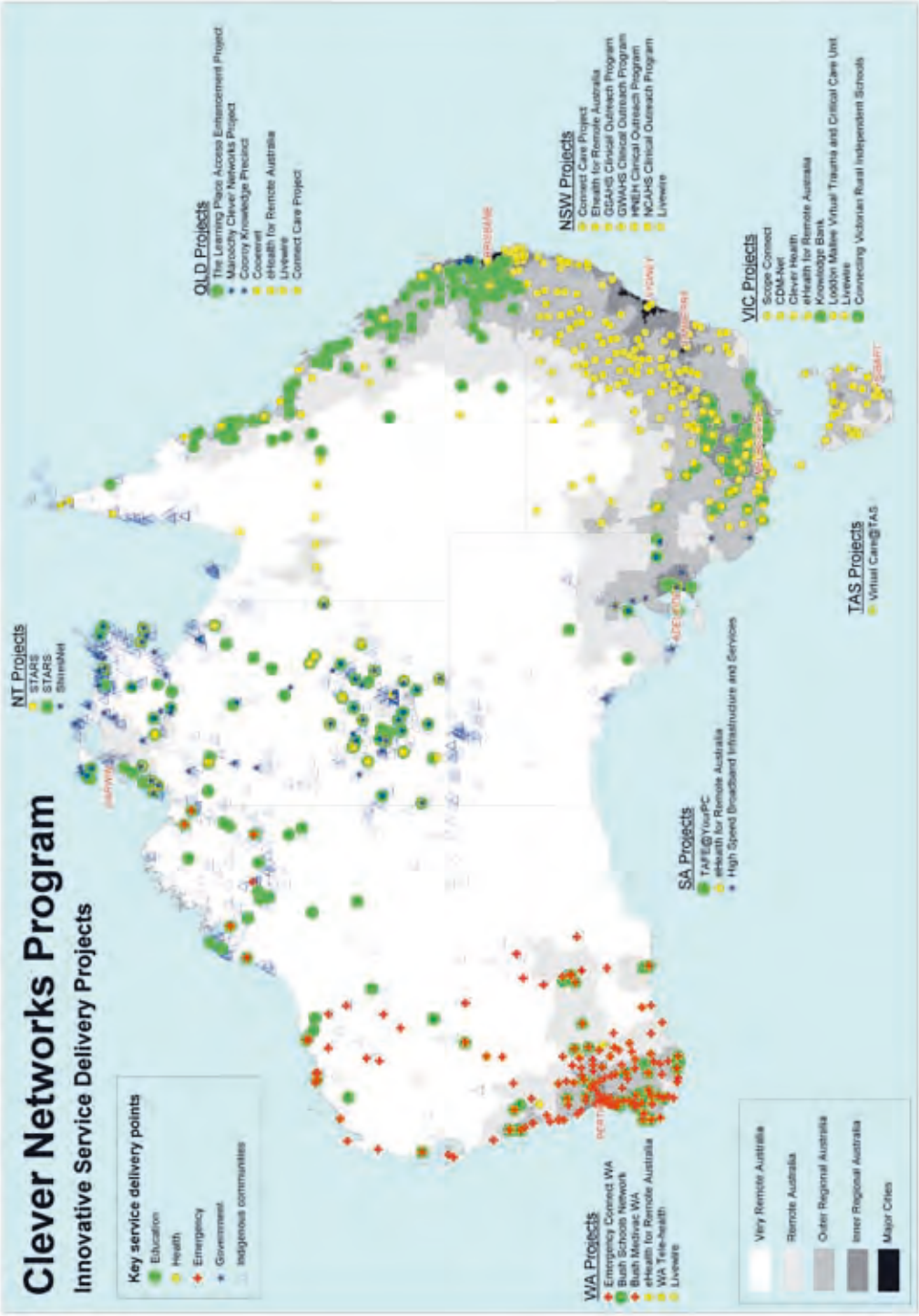
Health and emergency services

- > A fully-featured online community with a membership base exceeding 28 000 members and bedside access at 25 hospitals nationwide for young people living with a serious illness, chronic health condition or disability.
- > Broadband and innovative digital tools are now being used in 44 healthcare services in remote areas of Queensland to diagnose and treat patients.
- > Forty video conferencing units across the Grampians region of Victoria are now in place allowing patients in the area to have direct access to emergency and maternity health care specialists located in other parts of the state.
- > Picture archiving and communications and radiology information systems have been provided at 58 locations using upgraded broadband at 104 sites in four Area Health Services in NSW. A further 105 sites now have Mediview cameras installed.
- > Eight virtual trauma and critical care unit rooms in the Loddon Mallee region of Victoria have technology installed to enable links between regional hospitals and major Melbourne metropolitan hospitals.
- > Wide area network upgrades have been provided to 75 hospitals and health clinics in regional and remote Western Australia.
- > Remote communities in the Northern Territory are now connected to 21 clinical health systems using a satellite network.
- > More than 170 governmental, private and volunteer emergency services communication systems have been upgraded in Western Australia allowing emergency services personnel to coordinate response quicker.

Education

- > A secure network of internet tools and online content has been made available to 2200 schools, 848 000 students and 50 000 teachers in Victoria with the development of 'FUSE' (Find, Use, and Share quality Education resources).
- > Education services are now being delivered to 176 remote communities or homesteads in the Northern Territory via a satellite network.
- > 'The Learning Place' provided 104 schools in Queensland with a new suite of online education resources, courses, tools and a Web 2.0 new generation internet environment.
- > Students and teachers in 125 independent schools across Victoria are now connected by an advanced educational network.
- > Technology hardware and software upgrades have been provided to 87 regional and remote schools in Western Australia.

Figure 2.3 Community reach of the Clever Networks program innovative service delivery projects



DIGITAL REGIONS INITIATIVE

The Digital Regions Initiative will co-fund digital enablement applications to improve services in the key sectors of health, education and emergency services in regional, rural and remote communities across Australia in partnership with state, territory and local governments.

The four year \$60 million Digital Regions Initiative will make grants available over two competitive funding rounds. Round One closed on 14 October 2009 and 49 applications were received. A second round of the program was announced on 18 May 2010.

On 11 December 2009, the former Prime Minister, the Hon. Kevin Rudd MP announced seven successful Digital Regions Initiative projects funded under Round One. An additional four successful projects were announced by the Minister for Broadband, Communications and the Digital Economy on 11 January 2010. Total funding allocated in the first round was \$32.9 million. These projects are expected to commence in mid 2010. The eleven projects announced under the first round of the initiative are expected to achieve improvements across all states and territories.

Certification of payments to states and territories for projects funded under the National Partnership Agreement for the Digital Regions Initiative was \$2.3 million for 2009–10.

CONSUMER REPRESENTATION AND PROTECTION

While online services and associated technologies have been of enormous benefit to Australians, they have also raised new issues of concern. These include:

- > a rising level of complaints to the Telecommunications Industry Ombudsman (TIO), reflecting both unsatisfactory services to consumers as well as incomplete consumer understanding of the details of the services they may have (sometimes inadvertently) contracted to purchase
- > cyber-safety risks to children such as cyber-bullying, 'grooming' of children, breaches of privacy, exposure to inappropriate content and internet addiction
- > cyber security risks to home users and small businesses.

CONSUMER COMPLAINTS AND RESOLVING CONSUMER ISSUES

In its 2008–09 Annual Report, the TIO reported a 53.6 per cent increase in consumer complaints from 149 742 in 2007–08 to 230 065 in 2008–09. Their annual report also noted that in 2008–09, mobile complaints took over from landlines as the service with the highest number of complaints and that this change reflected the increasing penetration and breadth of mobile services. The overall increase in complaints from the previous year suggested that industry needed to do more to build consumer confidence in the telecommunications sector.

During 2009–10, the Department worked to improve the customer focus of the industry through the following activities:

- > funding consumer advocacy and research
- > reviewing consumer-related industry code processes
- > supporting customers to opt-out of receiving telemarketing calls
- > improving access for disadvantaged consumers.

Support for effective consumer advocacy and research

To improve the effectiveness of consumer representation, the Australian Government supported the establishment of the Australian Communications Consumer Action Network (ACCAN) which formally commenced operation on 1 July 2009.

In 2009–10, ACCAN was granted \$1.8 million by the Department to enable it to represent telecommunications consumers as the peak body and undertake research and advocacy work on their behalf. In particular, ACCAN expresses the interests of consumers who face specific disadvantage in the access and use of modern telecommunications services.

Since its establishment, ACCAN has released almost thirty public documents including research reports on issues such as disability access to telecommunications services, a wide range of submissions to Government and industry bodies on regulatory changes and a series of consumer fact sheets including information on how consumers can avoid accruing high bills on ‘smart’ communication devices.

ACCAN was instrumental in canvassing and consolidating consumer views on what consumer protections should be included with the introduction of the National Broadband Network. ACCAN’s input into the National Broadband Network Company Legislation and Access Regime has embedded the interests of consumers in the operation of Australia’s future broadband arrangements.

Review of consumer-related industry code processes

In 2009–10, the Department conducted a review of the telecommunications consumer code development process. The review explored the inherent tension between consumers and the industry with respect to consumer protection issues. Following the review, on 20 April 2010, the Minister announced his intention to amend the *Telecommunications Act 1997* to enable the ACMA to be more flexible and responsive to consumer issues.

Among the proposed amendments, the Minister proposed to have the power to direct the ACMA to develop an industry standard where considered necessary, rather than requiring that industry first develop a co-regulatory code.

In developing an industry standard, the ACMA will balance the interests of consumers with those of the industry. A standard will be directly enforceable by the ACMA and failure to comply with an industry standard will be subject to civil penalty provisions.

Mobile premium services

The Mobile Premium Services Industry Code came into effect on 1 July 2009 to address growing consumer concerns about mobile premium services. Since the introduction of the Code, consumer complaints to the TIO regarding mobile premium services have fallen significantly. The number of mobile premium complaint issues reported by TIO reduced from 28 809 to 2039 between the June 2009 and March 2010 quarters.

Supporting customers to opt-out of receiving telemarketing calls

Established in May 2007, the Do Not Call Register enables Australians to register their fixed or mobile telephone numbers used primarily for private or domestic purposes in order to opt-out of receiving unsolicited telemarketing calls.

Following a public consultation process, the Government introduced legislation to amend the *Do Not Call Register Act 2006* on 24 November 2009. The Do Not Call Register Legislative Amendment Bill 2010 allowed Australian emergency services, government and fax numbers to be added to the Register and extends the period of registration from three to five years. The Bill was passed by Parliament on 13 May 2010 and commenced operation on 30 May 2010.

Improving access for disadvantaged consumers

During 2009–10, the Department undertook a feasibility study into the establishment of a disability equipment program independent of telecommunications carriers. The study examined key issues relating to the supply of specialised telecommunications equipment to people with disability, including the size and nature of the Australian market, current arrangements in Australia and other comparable countries, types of equipment and potential delivery models.

We released a discussion paper which received 35 submissions, conducted three focus groups with individuals with disability and held 29 face-to-face meetings with disability and consumer advocates, telecommunications carriers, industry representatives and other government agencies. The report has been submitted to the Minister for consideration.

The Department is responsible for policies relating to the National Relay Service (NRS) which provides people who are Deaf or have a hearing or speech impairment with comparable access to a telephone service. As the current NRS contract expires in 2011, we will be undertaking a review of the NRS, in consultation with the ACMA.

As part of services to assist people with disability, we are also considering options to address implementation issues with a SMS emergency call service for people who rely on teletypewriters so that they are able to contact emergency services when away from the home or place of work.

The Department takes an observer role at meetings of the Low Income Measures Assessment Committee (LIMAC), which is conducted by Telstra as the universal service provider. The LIMAC monitors and assesses the assistance package offered by Telstra to low-income consumers.

CYBER-SAFETY

Online services and associated technologies have raised new issues of concern. These include cyber-safety risks to children, such as:

- > cyber-bullying
- > exposure to inappropriate content
- > breaches of privacy
- > 'grooming'
- > internet addiction.

During 2009–10, we worked with relevant agencies including the ACMA, the Australian Federal Police (AFP), industry and child protection organisations to deliver the Australian Government's Cyber-safety Plan. The Plan consists of a range of cyber-safety measures to combat online threats and help parents and educators protect children from inappropriate material on the internet. These measures encompass education, international cooperation, research, law enforcement and internet service provider (ISP) filtering. A Consultative Working Group (CWG) and Youth Advisory Group (YAG) on cyber-safety are also part of the Plan.

The CWG was established to provide cyber-safety advice to the Australian Government on priorities for action by government and industry. It met four times in 2009–10. The CWG has a broad membership including industry representatives such as Telstra, Google, Yahoo and community organisations such as the Alannah and Madeline Foundation, Bravehearts and Childwise. In 2009–10, the CWG provided advice to government on topics such as development of a Cyber-Safety Help Button and a user guide for social networking sites.

The CWG also advised on the development of repeatable survey instruments and methodology to obtain data from parents and/or guardians and teachers on children's cyber-safety issues. Following finalisation of the methodology, a national telephone survey of parents and guardians was undertaken in May 2010 and a national online teachers' survey commenced in June 2010. The surveys have been undertaken by Iris Research in cooperation with the Australian Council for Educational Research. Reports will be provided to the Department later in 2010.

For 2009–10, administered expenses of \$2.1 million were incurred on the Department's cyber-safety activities, including support of free PC filters and implementation and management of the YAG on cyber-safety.

CYBER-SAFETY AND YAG SUMMIT



On 8 June 2010, the Minister for Broadband, Communications and the Digital Economy opened the inaugural Cyber-safety and Youth Advisory Group Summit at the National Museum of Australia in Canberra. Over 150 YAG student members, parents and teachers came together to share their views on a range of Government programs and initiatives aimed at keeping children safe online.

At the Summit the Minister demonstrated a Cyber-safety Help Button developed by the Department in response to feedback from the YAG students. The Help Button, which can be downloaded from the Department's website and placed on the user's desktop, provides easy access to online cyber-safety resources and help-line numbers.

The Minister also announced the establishment of a Teachers and Parents Advisory Group on Cyber-safety, similar to the YAG. The Department is currently developing the program with an expected launch date in late 2010.

In addition to the Help Button, YAG participants, parents and teachers were also consulted on current cyber-safety programs during the Summit, including:

- > cyber security *budd:e* modules
- > *Thinkuknow* program administered by the AFP
- > the ACMA 'click and connect' research and resources.

The event concluded with the key messages from all workshops being presented to the whole audience. Participants then created (wiki-style) a Summit Statement that emphasised the need for personal responsibility and a whole-of-community approach to keeping the digital world safe for everyone. Summit participants agreed on the slogan, 'Be safe. Be smart. Play your part'.

The following day, six YAG students and their parents attended the Consultative Working Group on Cyber-safety meeting and presented the highlights and the key messages arising from the Summit.

Youth Advisory Group (YAG)

The YAG on cyber-safety, established in 2009, provided advice to the Australian Government on cyber-safety issues (such as cyber-bullying, mobile phone safety, privacy and online computer games) from the perspective of young people. During 2009–10, the YAG consisted of 304 secondary students from 15 schools nationally. Over 12 200 posts on 865 topics were generated on the YAG online forum.

Five YAG representatives also delivered key cyber-safety messages to the Minister and the CWG on 1 September 2009 at a forum held at Parliament House. The Government's expansion of cyber-safety education, awareness-raising and counselling services was informed by feedback and advice provided by YAG members.

On 14 April 2010, the YAG was expanded to include approximately 500 primary and secondary students aged 8–17 years from 30 schools nationally. A Cyber-safety and YAG Summit was held on 8 June 2010 for members, parents and teachers to discuss government cyber-safety programs and initiatives.

For 2009–10, the program incurred administered expenses of \$400 000.⁹

Internet Service Provider (ISP) filtering

As part of the Australian Government's commitment to examine the introduction of ISP-level filtering, a live ISP filtering pilot was conducted in 2009 to provide information on the effectiveness and efficiency of filters installed in 'real world' ISP networks. The pilot demonstrated that ISPs can effectively filter a specified list of URLs with 100 per cent accuracy and no noticeable impact on internet speed. The Enex TestLab report of findings from the ISP filtering pilot was released on 15 December 2009.

ISPs are being consulted on the implementation of the Government's ISP filtering policy, including through an online forum which was held from 12–23 April 2010. This involved a number of discussion threads relating to different implementation issues. Drafting has commenced on the Broadcasting Services Amendment (Internet Filtering of Refused Classification Content) Bill 2010.

However, prior to the introduction of the legislation a review is to be undertaken of the Refused Classification category under the National Classification Scheme to assess whether it appropriately reflects current community standards.

⁹ An additional \$170 000 was transferred from the Youth Advisory Group program to the Indigenous Communications Program.

CYBER SECURITY

The internet is now an integral part of the daily routine of many Australians for keeping in touch with family and friends, studying, shopping or paying bills. While widespread use of the internet offers many benefits, it has exposed users to the distribution of malicious software for nefarious purposes such as fraud and theft.

The Australian Government's Cyber Security Strategy, launched in November 2009, reaffirmed the Department's responsibility to help to create an environment that supports Australians in taking full advantage of the opportunities of the digital economy, by ensuring that all Australians have the information, confidence and practical tools to protect themselves online.

The Cyber Security Education Package is a free interactive learning package for year 3 and year 9 students. In 2010, it won the Australian Interactive Media Industry Association (AIMIA) award for best children's interactive content. The Education Package has been refined and improved during the year and has been sent to 100 per cent of primary and secondary schools in Australia during 2009–10 and the Department is currently contacting schools to ascertain its level of use. The package is available free from www.staysmartonline.gov.au or via CD-ROM.

The Government maintains a cyber security website: www.staysmartonline.gov.au. Between January and June 2010, the website received over 96 000 visitors and 16.2 million page views. This is a considerable increase from the same time in 2009 when the website received just 66 000 visitors and 2.3 million page views.

National Cyber Security Awareness Week (formerly National E-security Awareness Week) was held from 6–11 June 2010. During the week, the Department partnered with around 150 industry, community, consumer and government organisations and the ISP Cyber Security Code of Practice was launched by the Minister. The public relations company engaged by the Department to coordinate the activities of the week estimate that the commercial value of partner contributions to online and in-store promotions was approximately \$1.6 million and this helped to reach around four million Australians.

The Department undertook a survey from February to June 2010 to establish baseline data on the level of cyber security awareness across Australian internet users. The research has revealed that while many Australians recognise cyber security as an issue, most do not take all the required steps to appropriately protect themselves online. This survey will be repeated in 2010–11 to measure the impact of the Department's awareness raising initiatives.

For 2009–10, the program incurred administered expenses of \$1.1 million.

NATIONAL FRAMEWORK TO IMPROVE GOVERNMENT RADIOCOMMUNICATIONS

In the aftermath of 1974's Cyclone Tracy, emergency services from all over Australia went to Darwin to provide assistance, just as they did for bushfires in NSW in 1994, 1999 and 2001, Canberra in 2003 and Victoria in 2009. In each case the visiting units found it almost impossible to communicate with local units using radios. For many years jurisdictions have attempted to improve radio interoperability with little success. Following the recent Victorian bushfires, renewed cooperation among federal, state and territory agencies changed this situation.

The renewed effort coincided with the ACMA's review of the spectrum arrangements in the 400 MHz band—the radio band used by a majority of Australia's emergency voice radio communications.

Realising the opportunity presented by the ACMA review and the renewed level of cooperation, the Department, with the National Coordinating Committee for Government Radiocommunications (NCCGR), developed a new National Framework for improved emergency radio communications. On 7 December 2009, as part of a broader plan to improve natural disaster arrangements, COAG agreed to the introduction of the National Framework to improve radiocommunications interoperability.

Leading on from the COAG agreement, the NCCGR has developed a detailed implementation plan to achieve interoperability. A number of jurisdictions are already using this plan to commence the testing and demonstration of improved radio interoperability. Full implementation of the plan is expected to take up to ten years, reflecting the need to accommodate existing procurement cycles.



*ACT SES officer,
Doug Oliver*

Following the 2009 Victorian Bushfires, there was a renewed commitment between law enforcement and emergency service organisations to improve national radio communications interoperability. The Department, through the National Coordinating Committee for Government Radiocommunications, successfully developed a COAG-endorsed *National Framework to Improve Government Radiocommunications Interoperability*.

International activities and Asia-Pacific engagement

The Department administers Australia's membership of the Asia-Pacific Telecommunity (APT) and the associated member state contribution. In 2009–10, \$256 000 was appropriated for membership of the APT.

Utilising the APT, the Asia-Pacific Economic Co-operation (APEC) Forum and capacity building work in Pacific Island countries, the Department promoted best practice regulation in the areas of cyber security, consumer protection and trade liberalisation.

APEC provided a forum to promote Australia's approach to implementing ISP cyber security codes of practice and awareness strategies. We led work to assist submarine cable owners to more quickly repair damaged cables by compiling information on the submarine cable repair regimes in APEC economies and points of contact in case of cable disruption and the Department organised international mobile roaming workshops within APEC and the APT, to promote competition and to provide regulators with strategies to prevent customers receiving excessively high bills.

Working with the World Bank and regulators from Pacific Island countries, we played a lead role in formulating the governance arrangements for Pacific Island countries ICT regulatory resource centre. This resource centre will allow Pacific Island countries to develop effective legislation to promote competition, develop good administrative procedures and join in the global effort to counter cyber threats.

Organisation for Economic Co-operation and Development (OECD)

The Department chairs the OECD's Working Party on Information Security and Privacy (WPISP). The WPISP's mandate covers issues such as cyber security and safety, identity management and privacy. This group has examined the role which ISPs can play in enhancing the security of the internet by assisting their customers to combat problems with malicious software.

We facilitated the cooperation between the WPISP and the APEC Telecommunications and Information Working Group. The joint APEC-OECD project developed a report outlining best practices for preventing children being exposed to harmful online material.

POSTAL SERVICES

Australia Post is a fully government-owned Business Enterprise, which reports independently of the Department. The Minister for Broadband, Communications and the Digital Economy is a Shareholder Minister responsible for the regulation of Australia Post. To assist the Minister in this regard, the Department provides advice on Australia Post's activities, operations and future directions. The Minister for Finance and Deregulation is also a Shareholder Minister.

Like postal services in many countries, Australia Post faces a range of business challenges. In Australia, fewer letters are being delivered to an ever-increasing number of households, businesses and other delivery points. Australia Post estimates that letter volumes are declining at a rate of some five per cent per annum while the number of delivery points increases by around 200 000 per annum. The Department is exploring longer term strategic directions for Australia Post.

During the year, we also provided advice to the Minister on corporate and governance issues for Australia Post such as the price notification for the basic postage rate and appointment of directors to the Board. The price of basic letter stamps increased from 55 cents to 60 cents on 28 June 2010.

BROADCASTING AND DIGITAL SWITCHOVER

The Broadcasting and Digital Switchover Group supports access to high-quality and diverse broadcasting services that deliver content consistent with community expectations and needs through:

- > coordinating the switchover to digital television, with the switchover completed by the end of 2013
- > providing advice on ABC and SBS funding matters and assisting in the processes of ABC and SBS Board appointments
- > providing advice on the broadcasting regulatory environment, including the operation of media ownership laws, broadcasting content issues, anti-siphoning, digital radio and media access
- > administering initiatives to improve television reception and support community, regional and remote broadcasters.

SWITCHOVER TO DIGITAL TELEVISION

The switchover to digital television, which is happening across the world, offers significant benefits to viewers: more TV channels, improved pictures, including widescreen, and better sound quality. The ‘digital dividend’ of spectrum freed-up by switching off the analog transmission network can also be made available for alternate uses.

The Department’s Digital Switchover Taskforce is implementing a region by region approach to switchover, with the process to be completed by the end of 2013. For 2009–10, the program incurred administered expenses of \$23.8 million.

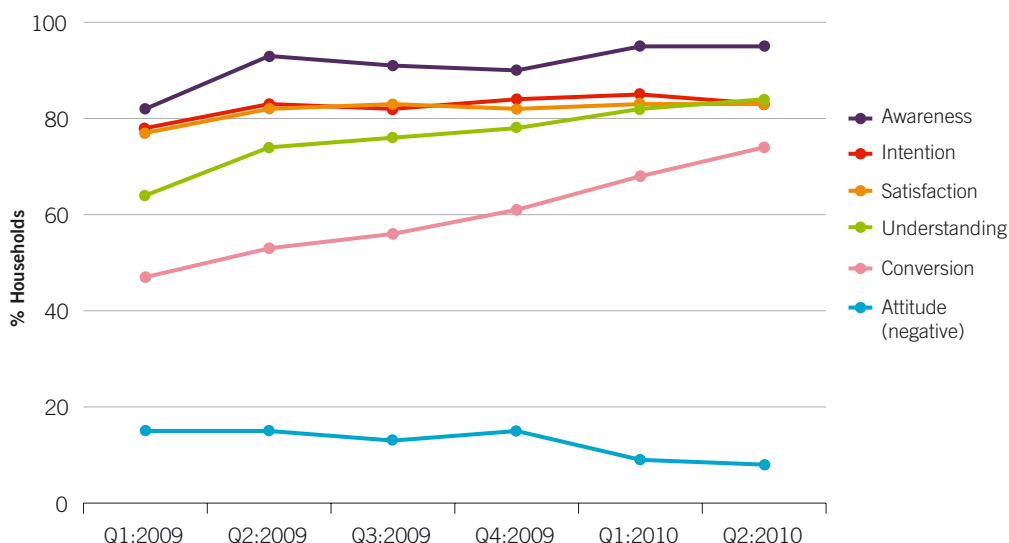
The first switchover occurred in the Mildura/Sunraysia region, when the analog television signals were switched off on 30 June 2010. Following an extensive communication campaign, the Taskforce with the support of the ACMA and other stakeholders, worked in the Mildura/Sunraysia area in the weeks leading up to the switchover, to provide information sessions to assist the local community with final preparations for Digital Switchover. Taskforce officers also provided advice to those viewers having difficulties in achieving reliable digital reception. This included detailed guides to accessing new terrestrial digital services at Ouyen, Walpeup (serving Underbool) and Robinvale, and the new satellite service, funded by the Government.

We assessed the effectiveness of the switchover to digital television through the Digital Tracker by monitoring the following indicators for each switchover region on a quarterly basis:

- > awareness of digital switchover (awareness)
- > understanding of how to get ready for digital television (understanding)
- > attitude to the digital switchover (attitude)
- > intention to convert main television set to digital (intention)
- > conversion of main television set to receive digital television (conversion)
- > satisfaction with digital television conversion (satisfaction)

Every quarter, around 10 000 households—with a working television set used in the last six months and living in private dwellings—are interviewed via telephone. Trends against the six key indicators are set out in the graph below.

Figure 2.4 The Digital Tracker: Measuring digital switchover



During 2009–10, there was significant movement in all of the six switchover measures. At the beginning of the 2009–10 financial year (Quarter 3, 2009), awareness was at 91 per cent and conversion at 56 per cent. By the end of the financial year (Quarter 2, 2010), awareness was tracking at 95 per cent and conversion had reached 74 per cent.

The switchover areas in regional South Australia have seen very significant increases in conversion from 54 per cent in Quarter 3, 2009 to 77 per cent in Quarter 2, 2010 and are well on track for switchover on 15 December 2010.

RAISING PUBLIC AWARENESS AND UNDERSTANDING OF DIGITAL SWITCHOVER

The communication strategy for digital switchover combined a multi-regional advertising campaign which ran at key advertising periods (March/April, June, November/December 2009, January 2010 and March/April 2010) as well as localised advertising in each switchover region.

The localised advertising campaign commenced in Mildura/Sunraysia on 3 January 2010, six months before switch off.

In support of local advertising in Mildura, a public relations consultancy supported technical road shows, media briefings, media launches, a naming competition for the mascot and attended community events. They also worked closely with the Department's full-time Digital Switchover Liaison Officer in the area.

Local advertising in areas of regional South Australia and Broken Hill commenced in March 2010, nine months prior to switchover.

VAST

On 5 January 2010, the Minister announced that the Australian Government will fund a new digital satellite service—the Viewer Access Satellite Television (VAST) service—so that viewers who are living in areas where broadcasters have not built transmitters, or where broadcasters' signals do not reach, will not be denied access to digital television.

In the 2010–11 Budget, the Government committed \$375.4 million over 12 years to fund the service, to provide a household satellite subsidy scheme administered by the Department, and for related activities. The service carries the full suite of commercial and national free-to-air television channels in all regions of Australia. This includes channels delivering Seven, Nine and Ten network programs, and digital channels including ONE HD, GO!, and 7TWO. State-based ABC and SBS services, including ABC2 and ABC3, SBSTwo and the new ABC 24 hour news channel will also be carried on the satellite. Local regional commercial news bulletins will be available via a dedicated news channel or, in Western Australia, as part of the main service.

On 14 March 2010, the Minister announced an agreement between the Government and broadcasters Southern Cross Media and Imparja Television to fund the Eastern parts of the service. The agreement provides clear timeframes and milestones to ensure delivery and maintenance of the VAST service to viewers in Eastern Australia. The value of this contract is \$82.8 million (inclusive of GST) over 10 years and three months. An interim version of the service was available to Mildura viewers prior to switchover in that region.

Negotiations on a funding agreement for the satellite service for Western Australian viewers commenced with the remote area commercial television licensees in Western Australia (PRIME and WIN Television). Further information about the introduction of the new service for these viewers will be made available on the Digital Ready website at www.digitalready.gov.au when arrangements have been finalised.

On 29 June 2010, the *Broadcasting Legislation Amendment (Digital Television) Act 2010* received Royal Assent. The Act establishes the legislative framework for the commercial broadcasting digital television services delivered as part of the new VAST service.

The \$375.4 million announced for the VAST service includes \$99.1 million to the end of 2013 to provide a subsidy for those viewers in communities reliant on community run self-help towers who will need to access the new satellite service because of the closure of the self-help sites. The satellite subsidy will be a minimum of \$400 per household, with higher amounts of \$550 for defined 'very remote area' households and \$700 for defined 'far north tropical' households. In addition to these subsidy amounts, households in identified remote Indigenous communities may be eligible for an additional \$280 worth of assistance. Approximately 130 000 households in over 600 communities, in mostly regional and remote areas, may be eligible for this subsidy.

THE DIGITAL SWITCHOVER HOUSEHOLD ASSISTANCE SCHEME

The Digital Switchover Household Assistance Scheme (the Scheme) provides practical, on-the-ground help to targeted households to convert to digital TV in their own homes. A government-contracted installer visits a person's home to provide and install a high definition set-top box. Importantly, the householder is shown how to use the equipment. The services provided under the Scheme are free of charge for eligible households. The Scheme has converted over 2600 customers in the Mildura/Sunraysia region to digital TV.

Mr Gary and Mrs Wendy Davis were the first household in Mildura to receive an installation under the Scheme. Since their installation, Mr and Mrs Davis receive a much clearer picture which allows them to watch television easily. 'It's a lot, lot clearer. We can see the writing and picture better. It'll be good to watch the tennis and actually see it clearly', Mrs Davis said.

Mr Frank Jamieson was the 2000th customer in the Mildura/Sunraysia region to be successfully converted to digital TV under the Scheme. Before his installation, Mr Jamieson only received the four standard analog channels. 'The picture is very good', Mr Jamieson said. Mr Jamieson can now receive 16 digital channels and watch more news, documentaries and football in digital quality.

To be eligible, households need to own a functioning television, not already have access to digital TV and have one person in receipt of the maximum benefit of the:

- > Age Pension
- > Disability Support Pension
- > Carer Payment
- > Department of Veterans' Affairs (DVA) Service Pension
- > DVA Income Support Supplement Payment

About six months before the switchover date in a region, Centrelink writes to eligible households and provides a brochure to explain the switchover to digital TV.



*Andy Townend,
Deputy Secretary
Broadcasting and
Digital Switchover,
with Gary and
Wendy Davis at their
home in Mildura*

ASSISTANCE TO VULNERABLE HOUSEHOLDS

The Digital Switchover Household Assistance Scheme supplies, installs and demonstrates a high definition set-top box at no cost to eligible households. Eligible households are those who own a functioning television, do not already have access to digital TV and where at least one resident is in receipt of a maximum rate:

- > Age Pension
- > Disability Support Pension
- > Carer Payment
- > Department of Veterans' Affairs (DVA) Service Pension
- > DVA Income Support Supplement Payment

Eligible households are able to opt into the Scheme up to one month after switchover in their area. The Scheme commenced in the Mildura licence area on 18 January 2010 with the dispatch of letters to over 7000 potentially eligible households in the Mildura/Sunraysia region inviting them to contact Centrelink to opt into the Scheme.

Following an open tender process, Hills Industries was selected as the successful contractor for the Mildura/Sunraysia region. Hills Industries, in association with TechLife, and SkyBridge (Australia) Pty Ltd were announced as the service contractors for the regional South Australian and Broken Hill areas.

As at 30 June 2010, over 2562 households have been assisted by the Scheme to convert to digital TV. This represents 36 per cent of all households that were potentially eligible for the scheme prior to the switchover on 30 June 2010.

WORKING WITH SUPPLIERS AND RETAILERS OF DIGITAL EQUIPMENT

A series of labels for televisions and set-top boxes and digital TV recorders have been developed in consultation with industry peak bodies to help consumers identify which product is digital ready or capable of being digital ready with the purchase of a digital ready product. Under the Digital Switchover Labelling Scheme, licensed suppliers agree to apply the appropriate government label to all compliant television receivers they supply to the Australian market.

The Digital Switchover Labelling Scheme has 35 participating suppliers and 576 digital ready qualified products available for consumers to choose from in the market place. Consumers can access qualified products via a searchable database launched on the Digital Ready website. A product audit was conducted to test compliance against the Australian Standard for digital television receivers and will be an ongoing feature of the program.

The Retail Advisor Scheme was launched in December 2009 to identify retail staff that are able to advise consumers about the options available for switching to digital television, particularly in relation to the labelling Scheme. There are 1343 registered Digital Advisors in retail stores throughout Australia, and 1157 licensed retailers participating in the Scheme.

The Antenna Installer Endorsement Scheme was developed in consultation with industry and launched in December 2009 to identify skilled antenna installers to help consumers switch to digital television. There are 254 Endorsed Antenna Installers with a further 1276 registered to participate.

REGIONAL EQUALISATION PLAN

The Regional Equalisation Plan provides broadcasters with a 50 per cent subsidy to convert their terrestrial transmission facilities to digital and operate them for a period of eight years. Assistance is provided by licence area as capped annual rebates against broadcaster's licence fees supplemented by a grants component, where necessary, to achieve total agreed assistance under the Plan. Licence fee rebates are administered by the ACMA.

Assistance under the Plan continued to be provided in 2009–10 to regional broadcasters. In addition, the first tranche of assistance was provided to remote broadcasters in Western Australia.

In 2009–10, administered expenses of \$1.3 million in the form of supplementary grants were provided to broadcasters operating in two regional markets:

- > \$0.3 million to two small regional markets (Broken Hill, New South Wales—\$70 000 and Riverland, SA—\$230 000).
- > \$1 million to markets in regional and remote Western Australia (WIN Television WA—\$550 000 and Prime's four holdings in WA, totalling \$450 000).

STRONG AND INDEPENDENT NATIONAL BROADCASTERS

The Department provides policy advice relating to the national broadcasters, particularly regarding funding, accountability and transmission issues. The Department's staff work closely with the national broadcasters and deal with correspondence and queries from Parliament regarding their activities.

During 2009–10, the Minister approved funding for the ABC and SBS to rollout digital television services at a further 14 sites (12 and two respectively), so that more Australians have access to ABC and SBS digital television services. More Australians also have access to ABC NewsRadio due to additional services commencing in Lithgow and Tamworth in NSW during 2009–10 from funding approved during 2008–09.¹⁰

The Department has provided advice in support of the Government's reform agenda for the national broadcasters including the implementation of the merit selection process for the appointment of non-executive directors to the ABC and SBS Boards, chaired by the

¹⁰ Administered expenses of \$4560 (GST exclusive) were also paid to the national broadcasters under the Digital Interference Scheme which closed in 2009–10.

former Secretary of the Department of Defence, Mr Ric Smith AO, PSM. In 2009–10, the SBS Board appointed a new Chairman and two new members and one re-appointment each were made to the ABC and SBS Boards.

Legislation that amends the *Australian Broadcasting Corporation Act 1983* and *Special Broadcasting Service Act 1991* to set the new Board appointment process in law has been introduced into Parliament.

DIGITAL RADIO

Digital radio services officially commenced on 1 July 2009 in the five mainland state capitals—Adelaide, Brisbane, Melbourne, Perth and Sydney—providing an additional range of services to listeners in these cities. The radio broadcasting industry held a promotional launch for digital radio on 6 August 2009.

All commercial AM and FM, ABC AM and FM, and SBS services in the five cities are simulcast on digital radio. In addition, there are a number of digital-only commercial services, two SBS ‘time-shift’ services, two digital-only SBS services and four digital-only ABC services. These services operate alongside rather than replace existing analog AM and FM services.

Wider area community radio broadcasters are expected to commence digital radio services from late 2010. Commercial Radio Australia and SBS have announced a trial for digital radio in Canberra that will commence in July 2010. Digital radio trials are being planned for other regional radio licence areas in 2010–11.

ADVICE TO THE MINISTER

During 2009–10, the Department provided advice to the Minister on a wide range of broadcasting issues, including developments in the commercial, national and community television and radio sectors; compliance with relevant codes; ownership and control changes; the introduction of new digital broadcasting technologies; and the general operation of the regulatory frameworks applicable to broadcasting.

The accessibility of electronic media for people with a hearing or vision impairment is a key issue in the 21st century. In 2009–10, the Department followed up its 2008 discussion paper and consultation with a report, which set out ways to improve access to electronic media by the hearing and vision-impaired and sought Australia’s views. A decision is expected by the Government in the new financial year.

In recent years, there have been disputes between some sporting and media organisations about access for journalists to sporting grounds to report on events. In 2009, a Senate Committee investigated the issue, making several recommendations including that stakeholders should negotiate to allow all bona fide journalists access to sporting events.

The Minister asked Mr Graeme Samuel AC, Chair of the Australian Competition and Consumer Commission (ACCC), to host a series of roundtables between major sporting and media organisations to discuss the issues and come to a negotiated solution.

We worked with Mr Samuel in preparing the new *Code of Practice for Sports News Reporting (Text, Photography and Data)*, which after several months of negotiation was signed by major media and sporting organisations at a meeting with the Minister on 30 March 2010.

ANTI-SIPHONING

On 20 August 2009, the Minister released a discussion paper, *Sport on Television: A Review of the Anti-siphoning Scheme in the Contemporary Digital Environment*, seeking comment on a range of matters relating to the scheme. Over 330 submissions were received in response to the paper demonstrating the strong interest of Australians in sport on television.

TELEVISION TOWERS

Funding of \$850 000 was provided in the 2008–09 Budget to meet three election commitments to improve digital television reception in:

- > Broadford in Victoria
- > Currie on King Island, Tasmania (the Currie commitment also involved improving reception of the ABC's local radio service)
- > the Ingle Farm to Craigmare area along the Para Escarpment in outer metropolitan Adelaide, South Australia.

In 2009–10, actual funding expended was \$723 000.

The Broadford facility was commissioned in June 2009.

The Currie facility, which was commissioned in April 2010, currently retransmits the ABC and SBS digital television services, and the ABC's Northern Tasmania Local Radio service. The retransmission facility is capable of receiving and retransmitting commercial broadcaster signals. However, the commercial broadcasters may not commence their digital television services on King Island until the digital switchover window for Tasmania in 2013.

The Craigmare/Hillbank broadcast facility was commissioned during June 2010. While targeting the suburbs of Craigmare and Hillbank, the facility is also expected to provide adequate signals to a broader area of the Para Escarpment.

COMMUNITY BROADCASTING

The Department provided policy advice and administered funding via funding deeds to the Community Broadcasting Foundation and Radio for the Print Handicapped Australia to support Australia's diverse and extensive community broadcasting sector.

The Community Broadcasting Foundation received \$14 million in 2009–10 in funding to apply to the maintenance and development of community broadcasting. Grants were distributed to the sector supporting broadcasting for the benefit of the general community, ethnic radio, Indigenous Australians and print handicapped. In addition, Radio for the Print Handicapped received \$453 000 under a separate funding deed for the transmission of radio services for the print handicapped.

In 2009–10, the Government allocated spectrum and \$2.6 million in funding support for the introduction of digital community television services based in Sydney, Melbourne, Brisbane, Adelaide and Perth to ensure programs are accessible to audiences.

NATIONAL TRANSMISSION NETWORK RESIDUAL FUNDING POOL

The National Transmission Network Residual Funding Pool provided funding assistance towards transmission costs incurred by three remote commercial broadcasters (Golden West Network, Imparja TV and North West Radio). These grants ensured that commercial broadcasting services, provided through Golden West Network and North West Radio, continued to be made available for households in certain remote areas of Western Australia.

For 2009–10, administered expenses of \$120 000 were incurred against this program. The Department did not provide funding to Imparja TV in 2009–10 as Imparja was unable to satisfy all reporting requirements. The services which Imparja TV provides have continued throughout the period.

SUPPORT FOR COMMUNITY TELEVISION DIGITAL TRANSMISSION

The Government provided \$2.6 million in funding and allocated spectrum, previously known as Channel A, until switch off in 2013 to enable community television operators to begin digital transmission. Four of the five community television services—QCTV in Brisbane, TVS in Sydney, C31 in Melbourne, and West TV in Perth—commenced digital services prior to 30 June 2010. Adelaide will commence a digital service later in 2010.

Community television stations produce and broadcast locally-produced programs and provide opportunities for independent producers to produce and broadcast their programs.

Almost all of the people who work in community television—writers, presenters, producers, editors, and camera operators—are volunteers.

The community television sector has access to the National Training Program, under which the Government provides \$614 000 per annum for accredited management and broadcasting skills training to community broadcasters.



Community TV volunteers in action at C31's 'Live at the Lawn' 2010 event

FINANCIAL PERFORMANCE

This section should be read in conjunction with the Department's audited financial statements for 2009–10, which appear in the section of the Annual Report entitled 'Financial Statements'.

OVERVIEW OF THE DEPARTMENT'S FINANCES

Parliament provides the Department with two types of funding: departmental and administered. Departmental funds are used to produce goods and services (outputs) at a quantity, quality and price endorsed by the Government. The Department administers funds, assets and liabilities on behalf of the Australian Government, which controls how the Department uses them and requires the Department to account for them separately.

DEPARTMENTAL FINANCES

The Department's net cost of services for 2009–10 was \$148.1 million, with revenue from Government of \$153.8 million, resulting in an operating surplus of \$5.7 million.

Total income increased by \$37.6 million in 2009–10, reflecting the provision of additional funding by the Australian Government to the Department for activities associated with the implementation of the National Broadband Network, in particular the National Broadband Network Implementation Study, and the ramp up of activities associated with the switchover to digital only television by 31 December 2013.

Table 2.2 provides a summary of the Department's income statement and net asset position.

Table 2.2 Summary of departmental financial performance and position

	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m	Change last year	
Revenue from Government	119.8	145.6	111.2	117.1	153.8	31.3%	▲
Other Revenue	8.9	8.8	4.4	1.4	2.0	42.9%	▲
Gains	0.4	0.4	0.6	0.5	0.8	60.0%	▲
Total Income	129.1	154.7	116.2	119.0	156.6	31.6%	▲
Employee and supplier expenses	108.2	125.2	123.4	108.7	143.9	32.4%	▲
Depreciation	3.4	3.8	4.2	5.9	5.8	1.7%	▼
Other Expenses	2.9	1.4	0.7	0.5	1.2	140.0%	▲
Total Expenses	114.6	130.4	128.3	115.0	150.9	31.2%	▲
Operating Result (Loss)	14.5	24.4	(12.1)	4.0	5.7	n/a	
Financial Assets	73.8	103.4	77.2	86.5	80.0	7.5%	▼
Non-financial assets	56.4	64.2	16.9	13.3	19.5	46.6%	▲
Liabilities	27.5	32.7	26.7	26.8	38.6	44.0%	▲
Net assets	102.6	134.9	67.5	73.0	60.9	16.6%	▼

The movement in the Department's net assets reflects the impact of Operation Sunlight, which saw the return of \$20.9 million in appropriation receivable associated with future non-financial asset purchases. This was offset, in part, by the operating surplus and an increase in investment by the Department in non-financial assets.

ADMINISTERED FINANCES

Administered income decreased by \$342 million compared to 2008–09, reflecting:

- > a decrease in interest revenue of \$85.8 million, reflecting the closure of the Communications Fund on 1 January 2009
- > a decrease of \$255.9 million in dividends received from Australia Post.

Administered expenses increased by \$75.8 million compared to 2008–09, due to an increase in payments made to ABC and SBS reflecting the outcome of the 2008–09 Triennial Review of funding and increases in the Digital Television Switchover program.

Administered financial assets remained broadly unchanged, with a small fall in the valuation of Australia Post (which in 2009-10 is valued on a discounted cash flow basis) being, in the main, offset by an increase in the Commonwealth's investment in NBN Co Limited.

Administered non-financial assets increased by \$44.7 million under the \$250 million RBBP, for the initial construction stages of the fibre optic transmission backbone infrastructure to a number of regional centres where there is a lack of competitive backhaul services.

Administered liabilities increased by \$17.5 million due to an increase in supplier payables, reflecting a timing difference associated with payments for assets under construction under the RBBP.

Table 2.3 Summary of administered financial performance and position

	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m	Change last year	
Interest	86.3	131.8	163.3	86.4	0.6	99.3%	▼
Dividends	2,861.0	1,181.9	306.3	427.8	171.9	59.8%	▼
Other revenue	18.5	6.6	7.1	0.3	1.0	233.3%	▲
Gains	0.0	16,778.8	0.4	1.0	0.0	100.0%	▼
Total income	2,965.7	18,099.1	477.1	515.6	173.5	66.4%	▼
Grants	358.4	271.9	245.3	83.1	74.2	10.7%	▼
Subsidies	225.9	168.7	86.1	84.8	79.3	6.5%	▼
Other expenses	52.8	31.1	27.5	17.8	36.3	103.9%	▲
Payments to CAC Bodies	0.0	0.0	0.0	1,049.9	1,121.5	6.8%	▲
Total expenses	637.2	471.7	358.8	1,235.5	1,311.3	6.1%	▲
Financial assets	34,132.7	11,758.6	7,116.2	3,637.4	3,593.5	1.2%	▼
Non-financial assets	134.0	144.0	2.5	3.1	47.7	1438.7%	▲
Liabilities	64.1	23.0	21.5	22.6	40.1	77.4%	▲
Net assets	34,202.6	11,879.6	7,097.1	3,617.9	3,601.1	0.5%	▼

MANAGEMENT & ACCOUNTABILITY

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MANAGEMENT AND ACCOUNTABILITY

The Department's three corporate areas—Corporate and Business, Legal Services and Finance—provide strategic and operational support to the Department.

This section of the report provides an overview of the Department's governance arrangements and corporate performance.

CORPORATE GOVERNANCE AND PERFORMANCE

Our corporate governance framework strategically links our systems, structures and processes to ensure we can meet the challenges facing the Department. The framework's key components include effective business planning, risk management, financial and people management, audit, performance monitoring, evaluation and reporting.

Key corporate governance achievements during 2009–10 included:

- > introducing an integrated budget and business planning framework including commitment to the development of a three-year Corporate Plan
- > implementing a streamlined risk management and reporting framework throughout the organisation
- > implementing a new fraud control policy, guidelines and plan 2009–11, launched in July 2009
- > implementing a new Business Continuity Plan, launched in Business Continuity Awareness Week held from 22–26 March 2010.

CORPORATE AND BUSINESS PLANNING

In early 2010, we committed to the development of a new Corporate Plan, which will outline the directions and challenges over the next three years. This plan will be reviewed annually and will inform the development of divisional and branch business planning, other key strategic plans and internal budgets.

In addition to the Corporate Plan, we are producing a new external document summarising our business ('who we are and what we do') for use in dealings with stakeholders and the public.

We have introduced a revised business planning framework to align business planning, budgeting and risk management more closely, as recommended by an internal audit into internal budgeting undertaken by KPMG.

This revised approach is based on best practice principles drawn from the Australian National Audit Office (ANAO) and the Australian Public Service Commission as well as learning from other agencies in the APS.

MANAGEMENT COMMITTEES

Management committees are a key element of the governance framework, providing cross-divisional senior executive oversight of strategy development and key operations. The committees usually consist of the requisite senior executive staff and other senior staff.

EXECUTIVE MANAGEMENT GROUP

The Executive Management Group is chaired by the Secretary and meets fortnightly. The Committee oversees the Department's strategic direction, corporate governance, accountability and operational effectiveness and focuses on the overall financial and corporate performance.

AUDIT COMMITTEE

The Audit Committee provided independently-chaired assurance and assistance to the Secretary in relation to governance and assurance within the Department. The Committee's objectives included the enhancement of the control framework within the Department to ensure it is robust and reliable; and providing the Secretary with confidence that we are complying with legislative and reporting obligations, particularly those that relate to the *Financial Management and Accountability Act 1997*.

The Secretary revised the Committee's Charter in December 2009 to streamline the Department's audit processes and to better align the Committee's operation with the *ANAO Better Practice Guide to Public Sector Audit Committees*. The Committee met on five occasions during 2009–10.

PERFORMANCE REPORTING COMMITTEE

The Performance Reporting Committee met monthly and monitored the performance of the Department's administered expense items and major programs. Program Managers report through a monthly traffic light report, outlining key deliverables and milestones, performance targets, risks and financial profiles.

HUMAN RESOURCES MANAGEMENT COMMITTEE

The Human Resources Management Committee met quarterly and provided advice and recommendations to the Secretary and the Executive Management Group in relation to strategic people management for the Department.

INFORMATION MANAGEMENT COMMITTEE

The Information Management Committee met quarterly and had oversight of the Department's IT and information management strategies and closely monitored agreed information technology projects.

The Committee focused on improving governance of information technology projects in the Department, supported by the introduction of a new project management and reporting solution designed to deliver timely reports and monitor project efficiency.

SENIOR EXECUTIVE SERVICE MEETINGS

The Department's Senior Executive Service (SES) staff met fortnightly to facilitate discussion and communication between senior staff across the Department. The Senior Departmental Liaison Officer from the Minister's Office attends, and other managerial level staff members are invited to attend, as appropriate.

GOVERNANCE PROCESSES

RISK MANAGEMENT

We launched our revised *Risk Management Plan 2009–11* on 1 July 2009. We also developed a Department-wide risk register (including key business and adjunct and divisional risks), extensively revised our internal risk management policies and procedures, and revised the Chief Executive's Instructions and Practical Guide relating to risks. The Audit Committee considered the revised risk register in August 2009 and again in March 2010.

In October 2009, a new international risk management standard (ISO 31000) was published. We are reviewing our policy and procedural guidance to ensure better-practice risk management.

The Department has a robust risk management framework in place to assist it to achieve its objectives and performance targets. The *Risk Management Plan 2009–11* sets out the areas of key business risk to the Department. In addition, risk registers are maintained for key areas of corporate risk (for example IT, finance, HR, legislative, governance, client/stakeholder relationships) and for each of our program and policy areas. The management of risk is devolved to the program/policy area where the potential risk could occur, and there is regular reporting to both the Performance Reporting and Audit committees.

INSURANCE

We participated in the Comcover Benchmarking Program in 2010. Comcover has assessed the Department's risk management capability and this has resulted in the Department being entitled to a saving of 7.7 per cent on the 2010–11 insurance premium.

FINANCIAL MANAGEMENT

The Department has further improved the transparency and accountability of its financial management in accordance with the Government's Operation Sunlight policies. The focus for the Department has been on the progression towards a net cash appropriation funding model, together with improvements to capital budgeting and asset management.

There was considerable work performed on enhancing the efficiency and effectiveness of the way we do the financial aspects of our business by harnessing technology such as deploying web-based executive financial reporting and redeploying the Financial Management Information System (SAP). The enhancements to SAP have resulted in the replacement of many manual processes with integrated, real-time processing. Daily operational needs have also become more efficient through a review, and re-engagement, of the Department's banking services provider and the rollout of an integrated, web-based credit card management system. These reforms have enhanced the Department's effectiveness in delivering its program outcomes.

We also supported NBN Co by providing financial services support for the initial phase of establishing the company. These functions were transferred to NBN Co in January 2010.

FRAUD CONTROL

The Department's 2009–11 fraud control policy, guidelines and plan, launched on 1 July 2009, complied with the Commonwealth Fraud Control Guidelines. We have prepared fraud risk assessments and we have in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes. Fraud risks were explicitly considered as a material risk.

During 2009–10, three incidents of suspected fraud were referred to the Australian Federal Police (AFP), one of which was accepted for investigation. All money due to the Commonwealth in relation to this incident has now been recovered. In relation to the matters which were not accepted for investigation by the AFP, these were nevertheless investigated by the Department and monies owing to the Commonwealth were recovered.

ETHICAL STANDARDS

The Department promoted the importance of ethical standards through the Department's Chief Executive Instructions, Practical Guides, training programs and human resources policies and procedures.

Staff have been advised on their individual obligations under the APS Values and Code of Conduct to manage real and perceived conflicts of interest through the Chief Executive Instructions and the 'Probity and Conflict of Interest' Practical Guide.

We offered programs on 'Leading Ethically' and 'APS Values' as part of its core training program.

We invited Ms Karin Fisher (Group Manager, Ethics Advisory Service, Australian Public Service Commission) to deliver a presentation to staff as part of our Talking Heads program on 4 August 2009, covering areas of ethical dilemma and the functions of the new Australian Public Service Commission Ethics Advisory Service.

The Department has a whistle-blowing policy and procedure in place to guide staff.

BUSINESS CONTINUITY PLANNING

The Department launched an updated Business Continuity Plan on 25 March 2010, comprising a Policy Statement, Action Plan, Pandemic Response Plan, Critical Business Process Register and a Continuity of Government Plan as its core components. The plan also links with the Department's Emergency Response Guide, Emergency Control Organisation and IT Disaster Recovery Plan.

Key members of our Executive team and others participated in two scenario-based exercises through which the plan was reviewed, tested and updated, guided by the ANAO better practice guide on business continuity and their publication *Building Resilience in Public Sector Entities*.

Inherent in our Business Continuity Plan are strategies to enable key policy advice responsibilities to quickly come back online in the case of an event.

RECONCILIATION ACTION PLAN

The Department's *Reconciliation Action Plan 2010–12* is a tool to build positive relationships between Indigenous and non-Indigenous Australians by detailing actions we are taking to contribute to closing the gap. The plan was developed in consultation with Indigenous staff and operates in conjunction with our Indigenous Employment Plan and Workplace Diversity Plan. It was launched in May 2010 and lodged with Reconciliation Australia in June 2010.

EVALUATION

Our Evaluation section administered evaluation policy and conducted targeted evaluations. Administered programs are usually evaluated every four years under the Evaluation program, which is set by the Performance Reporting Committee.

During the reporting period, evaluations of the following administered programs were completed:

- > Regional Backbone Blackspots
- > Australian Broadband Guarantee
- > Clever Networks
- > Backing Indigenous Ability
- > Indigenous Communications
- > Cyber security.

Commencing in the new reporting period, evaluations will be undertaken using a different methodology. From July 2010, we have decided to outsource our evaluation requirements to organisations on the Department's Governance Panel.

INTERNAL AUDIT

Internal audit services during 2009–10 were provided by KPMG and monitored by the Audit Committee. The *2009–10 Annual Internal Audit Plan* was developed to take into account the Department's strategic risks identified in the *Risk Management Plan 2009–11* and emerging issues based on consultation with senior managers. Internal audit reports were reviewed by the Audit Committee and Executive Management Group.

During the reporting period 11 reviews were completed and satisfactory actions were taken to address all recommendations contained in the reviews.

EXTERNAL SCRUTINY

The Department's performance in tender management was reviewed in the 2010 ANAO Audit Report Number 20, 2009–10 *The National Broadband Network Request for Proposal Process*. The ANAO concluded that the Department conducted the Request for Proposal (RFP) process within the parameters of the Government's broadband policy and in accordance with the Commonwealth Procurement Guidelines. We note the report's key findings that it identified the risks to a successful RFP outcome, kept the Minister informed of progress and maintained a strong commitment to the agreed timeframe.

We participated in a number of cross-portfolio audits, including Audit Report Number 4, 2009–10 *The Management and Processing of Annual Leave*, and Audit Report Number 17 *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2009*, both tabled in this reporting period.

We also participated in an audit on *Effective Cross-Agency Agreements Review*, which was tabled on 26 May 2010.

Our *Service Charter* also provides a contact point for clients to achieve resolution of complaints from within the Department. During the reporting period, five formal service complaints were received by the Manager, Corporate Strategy and Reporting as the Client Service Manager. In each case, the complaint was investigated and a response provided to the complainant, outlining the administrative process undertaken by the Department. On each occasion, the complaints were resolved to the satisfaction of the client, as none were referred to the Commonwealth Ombudsman for further action.

During the reporting period, the Commonwealth Ombudsman received 15 approaches about the Department. Ten were made by telephone, one in writing, two in person, and two by email.

During the period, the Ombudsman closed 15 approaches covering 16 separate issues relating to the Department. Four of these, covering five issues, were investigated. There were no investigations where a finding of administrative deficiency was recorded. There were no judicial decisions or decision of administrative tribunals that had an impact on the Department's operations during 2009–10.

Appendix 2 provides detail on the work of Parliamentary Committees relevant to the Department and Appendix 3 provides further details on external scrutiny issues.

LEGAL SERVICES

Legal Services provided legal and legal policy advice on matters of portfolio interest, supplemented where necessary by external providers under deeds of standing offer administered by the Group. These included the Australian Government Solicitor, Blake Dawson, Clayton Utz, Meyer Vandenberg, DLA Phillips Fox and Minter Ellison.

During 2009–10, Legal Services provided input on seven Bills and two sets of regulations and drafted 15 other legislative instruments. Appendix 4 provides further details about legislation.

Legal Services provided advice on a wide variety of policy matters including:

- > the National Broadband Network
- > the Regional Backbone Blackspots Program
- > competition and consumer reforms in the telecommunications industry
- > Digital Dividend Green Paper
- > Do Not Call expiration of registration
- > Fibre in New (Greenfields) Developments.

Legal Services also provided staff with legal awareness training and coordinated the Department's response to the Government's deregulation agenda.

SUPPORTING OUR MINISTER

The Department supported the Minister and his office by preparing, coordinating and processing responses to ministerial correspondence and questions taken on notice, Senate Order reports, ministerial submissions and briefings including: visit, meeting, function/speeches, Question Time and Senate Estimates.

The volume of correspondence, ministerial submissions, briefs and questions on notice processed by the Department is set out in Table 3.1.

Table 3.1 Volume of correspondence, ministerial submissions, briefs and questions on notice processed by the Department

Type of Advice	2008–09	2009–10
Ministerial Correspondence*	6 456	12 914
Ministerial Submissions	640	696
Briefs	222	228
Question Time Briefs	270	327
Parliamentary Questions on Notice	48	64
Consumer campaign correspondence	10 932	12 827
Departmental Senate Estimates Questions on Notice	230	157
Portfolio agency Senate Estimates Questions on Notice	364	276

* In 2009–10, parliamentary reporting of correspondence included all items received and processed, including items for information, appropriate action and response. In 2008–09 the basis for reporting was only items processed for response. In 2009–10, items processed for response totaled 7678.

COMMUNICATION AND MEDIA

The Communication and Media Branch supports the Department's strategic priorities by providing communication advice and various services to both the Minister's Office and the Department. Areas of responsibility include working with line areas to manage major national advertising campaigns, assisting the Minister's Office to respond to media queries, speech-writing assistance, graphic design and online media support.

Up to 30 June 2010, the Communication and Media team produced more than 130 media releases, responded to more than 700 media inquiries, and produced 112 ministerial and departmental speeches.

A major focus for this team was the delivery of the Get Ready for Digital TV advertising campaign and associated media and industry communication. Additionally, the Communication and Media team delivered the National Broadband Network campaign.

Other key achievements this year included:

- > working with other areas of the Department in supporting the delivery of the Realising Our Broadband Future forum in Sydney in December 2009
- > developing a new social media policy
- > delivering communication advice, products and supporting announcements for the National Broadband Network
- > promotion of Cyber Security Awareness Week
- > implementing a new corporate brand.

OUR PEOPLE

The Department strives to provide a safe environment in which staff are able to deliver the Government's priority tasks and provide considered advice on public policy issues.

As at 30 June 2010, the Department employed 703 ongoing and non-ongoing staff compared with 638 as at 30 June 2009. Of these, 411 are female and 292 male and 9.53 per cent of the Department's staff work part time. Detailed staffing statistics are provided in Appendix 5.

During the reporting period, the People team provided support in a range of key areas of departmental activity including:

- > negotiating a new Enterprise Agreement (EA)
- > in-sourcing of the payroll and personnel services, previously undertaken by United Services Group
- > implementing a new human resource information management system.

As a result of the new EA, the Department has a range of new and improved family-friendly provisions. These changes were made to better support the Department's workforce demographics, with a high proportion of young, female employees in the Department, and demonstrates a strong commitment to our staff and their families.

ENGAGEMENT

CONSULTATIVE ARRANGEMENTS

Through the Department's EA, the Workplace Consultative Committee (WCC) provides a forum for information sharing between the departmental management, staff and the unions. The WCC includes eight elected staff representatives, and union organisers from the Community and Public Sector Union and the Media, Entertainment and Arts Alliance.

During the reporting period, the Committee met on four occasions, discussing matters such as: enterprise bargaining arrangements, performance management, organisational changes, green initiatives and matters relating to occupational health and safety.

The new EA was negotiated with bargaining representatives from the Community and Public Sector Union, the Media, Entertainment and Arts Alliance and staff.

STAFF SURVEY ACTIONS

A Staff Survey Action Plan in response to the 2008 staff survey was implemented over the reporting period. A new survey will be commenced early in 2011.

In October 2009, senior executive and managers reported on improvements to branch and team communications. Workshops were held with Executive level staff to explore

specific areas of concern and to inform the development of guides to assist managers at all levels. A departmental mentoring program was launched for teams to access professional facilitation services.

We also simplified performance management documentation and process. The biannual upward appraisal process that is in place for SES staff has been extended to include EL2 managers.

STAFF ENGAGEMENT

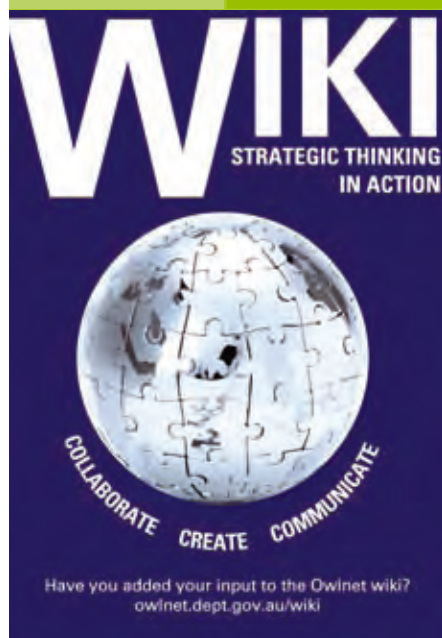
Talking Heads is the Department's guest speaker program, which provides exceptional access for staff to industry leaders in relevant fields. Topics canvassed included the effect of the digital economy on media policy, the future of free-to-air TV, the global financial crisis and its implications for our economy, the differences between government and private enterprise and what we can learn from the commercial world, and the process of reforming the APS.

The Talking Heads presenters for 2009–10 were:

- > Dr Inge Kral—Fellow, Australian National University (for NAIDOC week)
- > Lynelle Briggs—former APS Commissioner
- > Karin Fisher—APSC Ethics Advisory Service
- > Louise Sexton—Chair, Australian Mobile Telecommunications Association
- > Allan Asher—CEO, Australian Communications Consumer Action Network
- > Mark Sullivan AO—Managing Director, ACTEW Corporation
- > The Hon. Steve Bracks AC—Chair, Australian Subscription Television and Radio Association
- > Dr Ken Henry AC—Secretary, Treasury
- > Dr Tim Littlejohn—IBM Australia (for International Day of People with a Disability)
- > Terry Moran AO—Secretary, Department of Prime Minister and Cabinet
- > Peter Harris—Secretary
- > Kim Williams—CEO, Foxtel
- > The Hon. Wayne Goss—Chair, Free TV Australia
- > Gary Banks—Chair, Productivity Commission
- > Angus Dawson—McKinsey & Company
- > David Thodey—CEO, Telstra

The Department's intranet enhancement included a facility for online forums or discussion boards to enable staff to discuss ideas, voice concerns and provide feedback on a range of topics and issues affecting the Department. Further opportunities to engage with staff using blog and wiki capabilities continue to be explored.

WEB 2.0



The Web 2.0 Project focused on providing the key Web 2.0 platforms to support the Minister, Department and business areas' needs. Web 2.0 is the generic term for websites and technology that encourage interaction between users, resulting in a move away from passive viewing of websites. Generic blogging, forum and wiki software were delivered to the Department to provide a platform for collaborative and consultative online engagement with citizens, meeting some of the key objectives outlined in the Government's Web 2.0 Taskforce report.

By bringing Web 2.0 technology into the lives of staff through the Department's intranet bulletin boards, forums and wiki technology, staff are able to contribute to discussion and strategic thinking on topics that may not be the usual responsibility of their line area. The Department benefits from a variety of opinions and builds broader expertise where staff are able to share and broaden their knowledge.

In addition to a number of external consultations, we chose to use these tools as part of our EA negotiations. Web 2.0 supported the development of the EA through the online discussion forum. This tool encouraged open dialogue between staff and the EA team on the Department's proposals. We also utilised Web 2.0 technologies in external activities such as the Youth Advisory Group on cyber-safety.

Web 2.0 has successfully facilitated a change to the way consultation takes place in the Department, to an open and inclusive approach in capturing a more diverse range of views from employees. This approach will translate to wikis and blogs being made available on our website to engage with the general public on any number of potential issues. We have commenced developing practical and robust policies and processes for external Web 2.0 communication and engagement.

CAPABILITY DEVELOPMENT AND PERFORMANCE IMPROVEMENT

CORE SKILLS

Core skills training is provided for all staff and ranges from an induction program to training on topics such as the APS Values and Code of Conduct, ethics, policy development and financial management. During the reporting period, we delivered 32 core training programs with 440 participants.

LEADERSHIP POTENTIAL

Capability development programs are available to staff at the APS5–6, EL1 and EL2 levels. Programs for the Executive levels are designed to build leadership capability. Five programs were delivered during the reporting period: three for APS5–6 staff with 56 participants; one for EL1 staff with 17 participants; and one for EL2 staff with nine participants.

WORKPLACE DIVERSITY AND STANDARDS

The Department promotes and supports an environment where employees have a personal commitment to the positive impact that comes from valuing diversity, ensuring that we make optimal use of the backgrounds, talents and perspective of all of our employees.

The Diversity and Harassment Committee was active in reviewing departmental plans such as the Dealing with Harassment and Bullying Plan, the Workplace Diversity Plan and the Indigenous Employment Plan.

In consultation with staff with a disability, the *Levelling the Playing Field for People with a Disability Plan 2009–11* was developed and is being implemented. With the assistance of a Disability Employment Service, we are trialling the employment of a person with an intellectual disability. To date the outcome of this trial has been very positive.

To support the implementation of the Dealing with Harassment and Bullying Plan, six People Skills Workshops—Prevention of Workplace Bullying and Harassment have been conducted, with 92 staff attending.

During the reporting period, there were six formal bullying and harassment complaints lodged and 17 matters informally discussed with Harassment Contact Officers and Human Resources staff. This compares to seven formal and 13 informal matters in the previous reporting period. The increase in the number of informal matters raised may be a result of greater awareness of these issues within the Department.

REWARD AND RECOGNITION

The Department celebrates and recognises the exceptional contribution of staff through the Reward and Recognition Program.

In January 2010, Ms Kerrie Westcott was awarded a Public Service Medal for 'Outstanding public service in the development and implementation of the Indigenous Communications Program', part of which she manages. As a result of her dedication and commitment to improving the lives of Indigenous Australians, 237 community phones were being maintained in Indigenous communities, 25 mobile satellite handsets had been provided to more transient and smaller Indigenous communities, and a further 320 phones are to be installed over the life of the program.

The Secretary presented two team awards and one individual award for the Australia Day Awards in January 2010. Team awards were presented to the Broadband Consumer Support Section for outstanding customer service 'in responding to consumer queries about the Australian Broadband Guarantee', and to the Competition and Consumer Safeguards Bill Team for 'the complex work in developing the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill'.

An individual Australia Day Award was presented to Ms Narelle Woods for 'professionalism and dedication to the Department's Accommodation Strategy, in particular the recent accommodation reorganisation'.

WORKFORCE PLANNING

The Department embarked on a number of key workforce planning initiatives throughout the year, including identifying the roles that are critical in delivering our highest priorities over the next three years and the capabilities needed for success. The planning focuses on key strategic priorities, is evidence-based, and targets a small number of initiatives that can be implemented and evaluated in a timely manner.

A new succession management framework was introduced, focusing on recruiting and retaining capable staff and structuring staff development to maintain internal 'bench strength'.

We also introduced an Alumni concept during the year, to enable the Department to access the skills and expertise of retired staff to supplement in-house capability.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

The Health and Safety Committee met on four occasions during the reporting period. The Department's Health and Safety Management Arrangements (HSMA) were reviewed in consultation with staff.

We participated in the National Proactive Campaign—Health and Safety Management Arrangements Workplace Consultation 'desktop' investigation. The investigation stated that the Department was able to demonstrate a commitment to employee consultation in this area.

An independent OHS Risk Audit process was introduced in 2009–10 and an audit is to be conducted every three years. The first audit, conducted in April 2010, reported that the Department's OHS arrangements were well managed, proactive and positively applied and did not identify any significant issues.

The Department undertakes annual workplace inspections of all work areas to identify any hazards. The inspections were held in May 2010 and all recommendations made as a result of the inspections were addressed.

Ergonomic workstation assessments are conducted for all new employees and are a key initiative to assist in preventing injury of employees.

We facilitated five Mental Health First Aid courses with 72 staff participating and one Manual Handling training program for 12 staff with manual tasks as a prominent feature of their role.

As a result of the Employee Assistance Program (EAP) contract expiring, we engaged a new provider (Davidson Trahaire Corpsych) who will provide a wider range of services to assist and support staff and their immediate family members.

Three notifiable incidents relating to serious personal injury were reported to Comcare during 2009–10. No Provisional Improvement Notices (PINs) were issued.

COMPENSATION

The number of claims accepted by Comcare has decreased from seven to five since the previous reporting period. The mechanisms of injury for these claims are mental stress and body stressing. The Department's claim frequency is 0.13 claims per \$ million payroll for injuries incurred this year. The Department's premium for 2009–10 is 0.57 per cent of payroll or \$304 305. The premium rate has consistently trended down since 2005–06.

WELLBEING

We promote physical and mental health and work/life balance through our wellbeing program, 'Live. Life. Well.', which includes a range of health seminars covering issues such as arthritis, diabetes and resilience at work. A major component of the program is the annual influenza vaccinations and health checks offered to all staff. There are also user-pays activities and initiatives which include Zumba classes, Tai Chi, Box-fit, Yoga and Power45.

OUR TERMS AND CONDITIONS OF EMPLOYMENT

COLLECTIVE AGREEMENT

The former Department of Communications, Information Technology and the Arts (DCITA) was abolished on 3 December 2007 in administrative rearrangements. Employee terms and conditions previously provided by the DCITA Collective Agreement 2007–10 were preserved by a Determination made by the Public Service Minister on 13 March 2008,

and amended on 29 October 2009, under subsection 24(3) of the *Public Service Act 1999* (PS Act).

The Collective Agreement 2007–2010 provided for a salary increase of 4.1 per cent, payable from 1 July 2009. Of the salary increase, 1.5 per cent was linked to the achievement of pre-conditions including of performance management processes and attendance at training. These pre-conditions were met and the salary increase was paid on 1 July 2009.

ENTERPRISE AGREEMENT (EA)

A new *Department of Broadband, Communications and the Digital Economy Enterprise Agreement 2010–2011* commenced on 24 June 2010 and covers all non-SES staff employed under the PS Act. The objective of the EA is to build a strong and positive culture that will further enhance staff commitment and engagement and improve attraction and retention.

The Department consulted extensively with staff and bargaining representatives on the new EA via staff meetings and online discussion tools. The 2010–11 EA received support from 96.4 per cent of staff who voted.

Some of the key features of the new EA include:

- > a three per cent salary increase, which was paid from 24 June 2010
- > increases to paid maternity and adoption leave from 14 to 18 weeks
- > increases to paternity leave from two weeks to four weeks
- > extending probation on commencement with the APS for up to a maximum of six months
- > streamlining of existing improving performance processes
- > enabling access to performance bonuses for eligible EL staff.

The EA contains provisions relating to non-salary inclusions for non-SES staff including the ability for employees to sacrifice up to 100 per cent of their base salary and the ability to supplement leave.

DETERMINATIONS UNDER S 24(1) OF THE PUBLIC SERVICE ACT

The employment conditions for SES employees are contained in individual Determinations made under subsection 24(1) of the PS Act. The Determinations set remuneration and general conditions of service and provide for non-salary inclusions relating to superannuation, salary sacrificing, airline lounge membership, communications equipment and executive vehicle and parking arrangements.

See Appendix 5 for detailed statistical information relating to the above.

EQUIPPING OUR STAFF TO DO BUSINESS

INFORMATION, SECURITY, TECHNOLOGY, FACILITIES AND SUPPORT

During the reporting period, significant effort was made to improve remote connectivity to the Department's various localities and for staff working off-site.

As a result of an extensive and competitive procurement process, the Department engaged a new provider, ASG Group Limited, for ICT Managed Services. ASG assumed responsibility as the service provider in April 2010 for a term of three years.

A number of key IT projects have commenced with the assistance of ASG, including an upgrade to the Department's desktop computers and Standard Operating Environment to Windows 7, and a review of our network infrastructure to ensure that the network remains highly available and efficient.

The continued rollout of the Department's Information Management System is delivering efficiencies in business areas, with improved search and version control, and a reduction in hard copy file creation and storage.

The introduction of Web 2.0 technology has provided a platform for collaborative and consultative online engagement with clients, service providers and the public. In particular, the Department is developing a generic solution for the Department to utilise wiki, blogs and online forums for external consultation.

The Department selected Aurion Corporation as the successful tenderer to host the Department's human resources information using Aurion as the Human Resources Management Information System.

ASSET MANAGEMENT

The Department operates to a capital plan reflecting Government priorities and business requirements to enable compliance with the Government's financial management framework. The Department monitors asset acquisitions and disposals against this plan.

The Department's assets are subject to an annual stocktake to update and verify the accuracy of asset records and to review the condition and utility of the assets held.

FACILITIES

Office accommodation in Canberra has been reduced from three buildings to two—38 and 44 Sydney Avenue—as a result of a new departmental organisational structure and the expiry of one of the Department's Canberra building leases. Staff were extensively consulted in regard to the accommodation changes.

The refurbishment, completed in December 2009, involved relocating over 700 people between 9 October 2009 and 18 December 2009 with minimal disruption, and resulted in a more efficient use of space and reduced accommodation costs.

SECURITY

During 2009–10, security clearance processes, including acquiring or re-evaluating security clearances, were finalised for 90 staff.

PROCUREMENT

During the reporting period the Department continued to strengthen its procurement and contract management capabilities.

The implementation of the new procure to pay arrangements, coupled with the upgrade to the contracts document management system (Exari) and the development of a new reporting system (Open Windows), have streamlined the Department's procurement workflows.

CONSULTANTS

Consultants are engaged by the Department to provide specialised professional services either where the Department does not have the capability or capacity to perform in-house or where there is a requirement for independent advice.

During the reporting period 155 new consultancy contracts were entered into involving total actual expenditure of \$31.644 million. In addition, 35 ongoing consultancy contracts were active during the 2009–10 year, involving total actual expenditure of \$6.041 million.

Figure 3.1 presents the Department's expenditure on consultancy contracts over the three most recent financial years. The increase in the use of consultants by the Department during the reporting period is due, in a large part, to assistance provided to the Department in relation to the National Broadband Network implementation.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available at the AusTender website at www.tenders.gov.au.

ACCOMMODATION CHANGES PROJECT

During 2009–10, the Department undertook a major refurbishment and relocation of staff in the Canberra office accommodation. Savings were achieved in accommodation costs by consolidating into two buildings, while improving environmental performance opportunities.

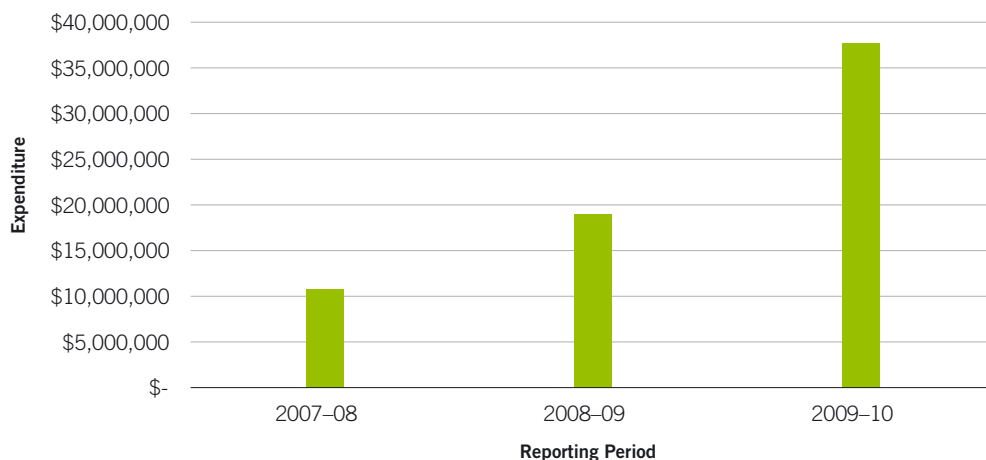
A project team was established to oversee all aspects of the changes: planning, design, construction and the relocation of staff. The views of staff, the WCC, Division and Branch heads were taken into account in the final accommodation design with construction work commencing on 9 October 2009.

Relocation of staff commenced on the weekend of 9 October 2009 with the final relocation completed on 18 December 2009. The logistics of relocating large numbers of staff with minimal disruption to work, while upgrading work areas is a major challenge for any organisation. The task was very well handled by departmental staff and contractors.



Members of the Facilities, Records and Security team that coordinated the accommodation project

Figure 3.1 Expenditure on consultancy contracts during 2007 to 2010



AUDITOR-GENERAL'S ACCESS TO CONTRACTORS' PREMISES

In 2009–10, all competitively tendered contracts of \$100 000 or more (inclusive of GST) made provision for the Auditor-General to access the contractors' premises.

EXEMPT CONTRACTS

In 2009–10, there were no contracts or standing offers exempted by the Secretary from being published on AusTender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

The Department's commitment to improved environmental performance was enhanced through a number of initiatives and through the minimisation of adverse environmental impacts in implementing departmental activities.

A summary of the environmental management activities is provided in accordance with section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

We encouraged the more sustainable and efficient use of information technology and have a number of measures in place including:

- > default double-sided printing
- > encouragement of on-screen editing and reviewing
- > the use of sleep/stand-by mode for computers and shut down at the end of the day
- > introduction of desktop computer power monitoring
- > extending the virtualising of the Department's server fleet thereby reducing the number of physical servers and correspondingly server energy consumption.

In relation to property and facilities management, we improved efficiency by:

- > automated light switching
- > the reduction of office accommodation in Canberra from three to two buildings
- > greater staff awareness of their responsibilities in minimising energy consumption
- > the installation and maintenance of water flow restriction devices on all taps and showers resulting in reduced water consumption.

In relation to recycling and waste reduction, we have a number of recycling initiatives in place such as:

- > promotion of waste and paper recycling
- > recycling of departmental mobile phones to the initiative *They're Calling On You* that supports conservation in Africa, lessens the demand for coltan metal mining and diverts mobile phones from landfill. Staff are also encouraged to recycle personal mobile phones
- > maintenance of a worm farm to promote recycling of organic waste.

Our 2010 University Graduates group also commenced an environmental initiative to promote reusable cups to staff. As well as encouraging the use of mugs, the graduates introduced the KeepCup, which is a re-usable, Australian made thermal cup with a lid that can also be recycled at the end of its life. The aim of the initiative is to reduce use of disposable paper cups by staff when buying hot drinks and is designed to assist in reducing our contribution to landfill by ten per cent over twelve months. The cups are sold at cost-price and over 140 cups have been sold to date.

Environmental impacts are also considered in our procurement activities. We ensure office equipment and whitegoods are replaced with energy efficient goods.

APPENDICES

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APPENDIX 1—AGENCY RESOURCE STATEMENT AND EXPENSES AND RESOURCES FOR OUTCOME

Agency Resource Statement - 2009-10

	Actual available appropriation for 2009-10 \$'000 [a]	Payments made 2009-10 \$'000 [b]	Balance remaining 2009-10 \$'000 [a] - [b]
Ordinary Annual Services			
Prior year Departmental appropriation	62 284	8204	54 080
Departmental appropriation ¹	153 798	131 435	22 363
Repayments to the Commonwealth (FMA Act section 30)	—	736	(736)
s31 Relevant agency receipts	1780	3704	(1924)
Total²	217 862	144 079	73 783
Administered expenses			
Prior year Administered appropriation	8851	7506	
Outcome ¹	204 721	185 267	
Payments to CAC Act Bodies ¹	1 122 731	1 121 484	
Total	1 336 303	1 314 257	
Total ordinary annual services	1 554 165	1 458 336	
Departmental non-operating			
Prior year departmental appropriations	707	—	707
Equity injections ³	1513	1236	277
Previous year's programs ³	1851	1682	169
Total	4071	2918	1153

	Actual available appropriation for 2009-10 \$'000 [a]	Payments made 2009-10 \$'000 [b]	Balance remaining 2009-10 \$'000 [a] - [b]
Administered non-operating			
Outcome 1	–	–	
Payments to CAC Act Bodies – non-operating ³	22 446	22 446	
Total	22 446	22 446	
Total other services	26 517	25 364	
Total available annual appropriations and payments	1 580 682	1 483 700	
Special Accounts			
Opening balance	–		
Non-appropriation receipts to Special Accounts	335 000		
Payments made		329 220	
Total Special Account⁴	335 000	329 220	5780
Total resourcing and payments A+B+C	1 915 682	1 812 920	
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	1 145 177	1 143 930	
Total net resourcing and payments for DBCDE	770 505	668 990	

¹ Appropriation Bill (No.1) 2009-10 and Appropriation Bill (No.3) 2009-10

² The difference between the total appropriation receivable balance reported in the Financial Statements and the actual available appropriation in this table is section 30 receipts (736) and the difference between the section 31 receipts reported as actual available appropriation (1780) and the amount reported in the Financial Statements (3704), which includes receipts associated with staff transfers of leave liabilities.

³ Appropriation Bill (No.2) 2009-10

⁴ The balance remaining was not drawn and remains in the Building Australia Fund.

Expenses and Resources for Outcome 1

Outcome 1: Develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians

Budget*	Actual	Variation
2009-10	2009-10	2009-10
\$'000	\$'000	\$'000
[a]	[b]	[a] – [b]

Program 1.1: Broadband and Communications Infrastructure

Administered expenses

Ordinary Annual Services (Appropriation Bill No. 1)	11 998	11 751	247
Expenses not requiring appropriation in the Budget year	525	837	(312)

Departmental expenses

Ordinary annual services (Appropriation Bill No. 1)	57 540	54 689	2851
Revenues from independent sources (Section 31)	399	412	(13)
Expenses not requiring appropriation in the Budget year	105	330	(225)

Total for Program 1.1

70 568	68 019	2548
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Program 1.2: Telecommunications, Online and Postal Services

Administered expenses

Ordinary annual services (Appropriation Bill No. 1)	134 402	134 214	188
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Departmental expenses

Ordinary annual services (Appropriation Bill No. 1)	67 769	66 473	1296
Revenues from Independent Sources (Section 31)	997	1239	(242)
Expenses not requiring appropriation in the Budget year	263	827	(564)

Total for Program 1.2

203 432	202 753	678
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Outcome 1: Develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians

	Budget*	Actual Expenses	Variation
	2009-10	2009-10	2009-10
	\$'000	\$'000	\$'000
	[a]	[b]	[a] - [b]

Program 1.3: Broadcasting and Digital Television

Administered expenses

Ordinary annual services (Appropriation Bill No. 1)	56 447	43 055	13 392
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Departmental expenses

Ordinary annual services (Appropriation Bill No. 1)	28 489	28 247	242
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Revenues from Independent Sources (Section 31)	384	397	(13)
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Expenses not requiring appropriation in the Budget year	101	318	(217)
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Total for Program 1.3	85 422	72 017	13 404
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Outcome 1 Totals by appropriation type

Administered expenses

Ordinary annual services (Appropriation Bill No. 1)	202 847	189 020	13 827
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Expenses not requiring appropriation in the Budget year	525	837	(312)
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Departmental expenses

Ordinary annual services (Appropriation Bill No. 1)	153 798	149 409	4389
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Revenues from Independent Sources (Section 31)	1780	2048	(268)
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Expenses not requiring appropriation in the Budget year	470	1 475	(1005)
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Total expenses for Outcome 1	359 423	342 789	16 630
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Average Staffing Level (number)	643	640	3
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* Full year budget, including any subsequent adjustment made to the 2009-10 Budget.

**The Administered Ordinary Annual Services Appropriation by Program shown in this table differs to that in the 2010-11 Portfolio Budget Statements. Data in Table 2.1 of the 2009-10 Portfolio Budget Statements was adjusted to reflect a change in structure from 1 July 2010, thereby facilitating effective year-on-year comparison.

APPENDIX 2—PARLIAMENTARY COMMITTEES

The Department's involvement in the following Parliamentary Committees ranged from preparing or providing input to Australian Government responses, to appearing before and making written submissions to them.

SENATE STANDING COMMITTEE ON ENVIRONMENT, COMMUNICATIONS AND THE ARTS

DIGITAL TELEVISION—WHO'S BUYING IT? INQUIRY INTO THE UPTAKE OF DIGITAL TELEVISION IN AUSTRALIA

On 13 February 2006 the House of Representatives Standing Committee tabled the report *Digital Television—who's buying it? Inquiry into the uptake of digital television in Australia*. The previous Government did not table a response.

A draft response will take account of the Government's decision to fund a satellite solution for digital television blackspots or signal deficient areas.

THE REPORTING OF SPORTS NEWS AND THE EMERGENCE OF DIGITAL MEDIA

The Senate Environment, Communications and the Arts Committee published its report on the inquiry into the reporting of sports news and the emergence of digital media on 14 May 2009. The report included five recommendations.

The Government announced on 30 March 2010 the establishment of a *Code of Practice for Sports News Reporting* by sports and media organisations, which addresses a key recommendation of the Senate Committee report.

As at 30 June 2010, the Department was coordinating the development of a Government response to the report in consultation with relevant agencies.

INQUIRY INTO THE TELECOMMUNICATIONS LEGISLATION AMENDMENT (NATIONAL BROADBAND NETWORK MEASURES NO. 1) BILL 2009

On 25 June 2009 (following introduction into the Senate), the Senate referred the Telecommunications Legislation Amendment (National Broadband Network Measures No. 1) Bill 2009 to the Committee for inquiry and report by 17 August 2009. On 4 August 2009, the Committee held a hearing at which the Department appeared upon invitation from the Committee. The Department responded to questions in writing on 7 August and 14 August 2009. The Committee's report was tabled on 17 August 2009. The Committee recommended that the Bill be passed. However, the Bill was subsequently superseded.

INQUIRY INTO THE DO NOT CALL REGISTER LEGISLATION AMENDMENT BILL 2009

On 30 November 2009, the Senate referred the Do Not Call Register Legislation Amendment Bill 2009 (the Bill) to the Committee. The Department provided a submission to the Committee's inquiry on 27 January 2010 and appeared at a public hearing on 5 February 2010. The Committee's report was tabled on 24 February 2010, supporting the Bill but recommending that the period of registration be extended. Coalition Senators also provided additional comments to the report noting their concerns about the extension of the Do Not Call Register to business. The Government subsequently amended the Bill in line with these recommendations.

The Bill was passed on 13 May 2010 and received Royal Assent on 20 May 2010.

INQUIRY INTO THE BROADCASTING LEGISLATION AMENDMENT (DIGITAL TELEVISION SWITCH-OVER) BILL 2008

On 18 March 2010, the House of Representatives referred the Broadcasting Legislation Amendment (Digital Television) Bill 2010 to the Committee for inquiry and report. On 16 April 2010, officials from the Department appeared at public hearings for the Committee's Inquiry. The Committee's report was tabled on 12 May 2010, recommending that the Bill be passed.

The Bill was passed on 24 June 2010 and received Royal Assent on 29 June 2010.

INQUIRY INTO THE TELECOMMUNICATIONS LEGISLATION AMENDMENT (FIBRE DEPLOYMENT) BILL 2010

On 18 March 2010 (following introduction into the House of Representatives), the Senate referred the Telecommunications Legislation Amendment (Fibre Deployment) Bill 2010 to the Committee for inquiry and report by 12 May 2010. On 18 April 2010, the Department submitted a copy of the Position Paper on proposed subordinate legislation to the Committee. On 19 April 2010, the Committee held a public hearing at which the Department appeared upon invitation from the Committee. The Committee's report was tabled on 12 May 2010 which recommended that the Bill be passed. The Bill is currently in the House of Representatives awaiting debate.

SENATE SELECT COMMITTEE ON THE NATIONAL BROADBAND NETWORK

On 25 June 2008, the Senate established the Select Committee on the National Broadband Network to inquire into and report on the Government's proposal to partner with the private sector to upgrade parts of the existing network to fibre to provide minimum broadband speeds of 12 megabits per second to 98 per cent of Australian homes and businesses on an open access basis.

On 7 April 2009, the Government announced that it had terminated the previous Request for Proposals process, replacing it with an initiative that would see 90 per cent of Australian homes, workplaces and schools with fibre-to-the-premise, connecting all other premises in Australia with next generation wireless and satellite technologies, ensuring every Australian house, school and workplace can access fast affordable broadband.

Consequently, on 14 May 2009, the Senate revised the terms of appointment of this Committee, reflecting the change in the Government's policy direction and allowing the Committee to effectively continue and complete its inquiry into the National Broadband Network. The Committee further revised its terms of reference on 26 November 2009 and 17 March 2010.

The Department appeared before the Committee on 8 October 2008, 4 March 2009, 20 July 2009, 15 April 2010 and 20 May 2010.

The Committee has provided four interim reports to the Senate, dated 2 December 2008, 12 May 2009, 26 November 2009 and 18 May 2010. The Committee provided its final report on 17 June 2010.

The Department is currently considering the final report and the relevant aspects of the Committee's four interim reports to inform a Government response to the Committee.

JOINT PARLIAMENTARY SELECT COMMITTEE ON CYBER-SAFETY

The Joint Select Committee on Cyber-Safety was established by Parliament to inquire into and report on issues related to cyber-safety.

Officers from the Department appeared before the Committee on 10 May 2010 to provide a private verbal briefing on the Government's cyber-safety initiatives. The Department was accompanied by officers from the ACMA. On 16 July 2010, the Department provided a written submission to the Committee on behalf of the Consultative Working Group (CWG) into Cyber-Safety.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON COMMUNICATIONS

INQUIRY INTO CYBER CRIME

On 18 May 2009, the Minister for Broadband, Communications and the Digital Economy asked the House of Representatives Standing Committee on Communications to inquire into and report on the nature and incidence of cyber crime in Australia.

The Department provided a written submission to the Committee on 8 July 2009. The Committee received 68 submissions and over 20 exhibits. It examined 55 witnesses at public hearings conducted in Canberra and Sydney between August 2009 and March

2010. The Department appeared before the Committee on 25 November 2009 along with the Attorney-General's Department. The Committee tabled its report on 21 June 2010.

The Department and the Attorney-General's Department are coordinating the Government's response to this inquiry.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT

INQUIRY INTO SMART INFRASTRUCTURE

On 20 November 2009, the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon. Anthony Albanese MP, asked the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government to inquire into and report on Smart Infrastructure.

The Department appeared before the Committee to give evidence to assist the inquiry on 3 February 2010. The Committee subsequently held a Smart Infrastructure Conference at Parliament House on 12 March 2010.

HOUSE OF REPRESENTATIVES—HOUSE STANDING COMMITTEE ON ECONOMICS

INQUIRY INTO RAISING THE PRODUCTIVITY GROWTH RATE IN THE AUSTRALIAN ECONOMY

On 25 June 2009, the Treasurer, the Hon. Wayne Swan MP, asked the House of Representatives House Standing Committee on Economics to inquire into and report on raising the level of productivity growth in the Australian economy. Submissions were called for with a closing date of 21 August 2009 and the Committee conducted nine public hearings between 23 October 2009 and 11 March 2010. The Department was invited to appear before the Committee at its hearing on 25 February 2010 and gave evidence related to the issues surrounding the expected productivity effects of the digital economy and the Government's investment in a National Broadband Network.

The Committee report, tabled on 28 April 2010, referenced this evidence when discussing the complexities surrounding calculating the multifactor productivity effects of diffusion of information and communications technology across the economy and the impact of infrastructure investments.

THE JOINT STANDING COMMITTEE ON THE NATIONAL CAPITAL AND EXTERNAL TERRITORIES

INQUIRY INTO THE CHANGING ECONOMIC ENVIRONMENT IN THE INDIAN OCEAN TERRITORIES

On 11 February 2009, the Joint Standing Committee on the National Capital and External Territories resolved to inquire into and report on the changing economic environment in the Indian Ocean Territories.

Two departmental officers appeared before the Committee on 28 October 2009 to give evidence to assist in the inquiry. The Department provided a submission in November 2009 that addressed questions on notice from the Committee.

On 1 April 2010, the Committee presented its report out of session. The Committee made five recommendations concerning information and communications technology in the Indian Ocean Territories; the Department of Broadband, Communications and the Digital Economy had portfolio responsibility for three matters relating to these recommendations. The Department provided input into the Attorney-General's response on 24 June 2010.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON PETITIONS

FILTERING ON INTERNET CONNECTIONS

On 1 June 2009, a petition regarding the filtering of internet connections was submitted to the House Standing Committee on Petitions for consideration. On 9 June 2009, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. The Minister provided a written response on 1 September 2009.

FUNDING FOR DIGITAL TELEVISION IN GUMERACHA, SA

On 25 November 2009, Mr Jamie Briggs MP, Member for Mayo, tabled a petition in the House of Representatives regarding the funding for digital television in Gumeracha, South Australia. On 26 November 2009, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. The Minister provided a response on 24 February 2010.

FUNDING FOR DIGITAL TELEVISION IN YANKALILLA, SA

On 25 November 2009, Mr Jamie Briggs MP, Member for Mayo, tabled a petition in the House of Representatives regarding the funding for digital television in Yankalilla, South Australia. On 26 November 2009, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. The Minister provided a response on 24 February 2010.

TELEVISION RECEPTION AT TURKEY BEACH AND RODDS BAY, QLD

On 15 March 2010, a petition regarding television reception at Turkey Beach and Rodds Bay, Queensland was submitted to the House Standing Committee on Petitions for consideration. On 18 March 2010, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. The Minister provided a response on 26 May 2010.

MOBILE PHONE RECEPTION AT TURKEY BEACH AND RODDS BAY, QLD

On 15 March 2010, a petition regarding mobile phone reception at Turkey Beach and Rodds Bay, Queensland was submitted to the House Standing Committee on Petitions for consideration. On 18 March 2010, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. The Minister provided a response on 26 May 2010.

AUSTRALIA POST MAIL BOX AT PAKENHAM, VIC

On 24 May 2010, a petition regarding the provision of an Australia Post mail box at Pakenham, Victoria was submitted to the House Standing Committee on Petitions for consideration. On 25 May 2010, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition.

A response to the Standing Committee on Petitions is being prepared.

COMPULSORY INTERNET FILTERING BY ISPs

On 21 June 2010, a petition regarding compulsory internet filtering was submitted to the House Standing Committee on Petitions for consideration. On 23 June 2010, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. A response to the Standing Committee on Petitions is being prepared.

Information about these petitions can be viewed on the webpages of the Standing Committee on Petitions at www.aph.gov.au/house/committee/petitions.

ADDITIONS TO THE 2008–09 ANNUAL REPORT

PARLIAMENTARY COMMITTEES APPENDIX

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON PETITIONS

POST OFFICE AT JEWELLS, NSW

On 20 March 2008, Ms Jill Hall MP, Member for Shortland, tabled a petition in the House of Representatives concerning the provision of postal services at Jewells, New South Wales. Subsequent signatures were received from the community on 26 May 2008, 2 June 2008 and 20 October 2008. The Minister provided a written submission on 27 June 2008. The Department also gave evidence at the Committee's public hearings on 24 September 2008.

POST OFFICE AT TRARALGON, VIC

On 25 June 2008, the Hon. Bruce Billson MP, Member for Dunkley, tabled a petition in the House of Representatives regarding the proposed relocation of postal services in Traralgon, Victoria. On 26 June 2008, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. The Minister provided a response on 28 August 2008. On 24 September 2008, the Department appeared at a public hearing convened by the Standing Committee on Petitions which considered this matter.

POST OFFICE AT NORTH TAMWORTH, NSW

On 1 September 2008, a petition was submitted to the House Standing Committee on Petitions regarding the provision of postal services in North Tamworth, New South Wales. On 4 September 2008 the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. The Minister provided a response on 22 September 2008. On 24 September 2008, the Department appeared at a public hearing convened by the Standing Committee on Petitions which considered this matter.

MOBILE PHONE COVERAGE AT WALKER FLAT, SA

On 4 September 2008, Mr Patrick Secker MP, Member for Barker, tabled a petition in the House of Representatives regarding mobile phone coverage at Walker Flat, South Australia. On that day, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. The Minister provided a response on 22 October 2008. On 27 May 2009, the Department appeared at a public hearing convened by the Standing Committee on Petitions which considered this matter.

POST OFFICE AT WANNEROO, WA

On 24 November 2008 and 25 May 2009, petitions regarding the provision of postal services at Wanneroo, Western Australia, were submitted to the House Standing Committee on Petitions for consideration. On 26 November 2008, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petitions. The Minister provided a response on 11 February 2009. On 27 May 2009, the Department appeared at a public hearing convened by the Standing Committee on Petitions which considered this matter.

FUNDING FOR THE SPECIAL BROADCASTING SERVICE

On 23 February 2009, a petition regarding funding for the Special Broadcasting Service was submitted to the House Standing Committee on Petitions for consideration. On 26 February 2009, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. The Minister provided a response on 22 April 2009. On 27 May 2009, the Department appeared at a public hearing convened by the Standing Committee on Petitions which considered this matter.

SEXUAL ADVERTISING AND ACCESS TO INTERNET PORNOGRAPHY

On 16 March 2009 and 22 June 2009, petitions regarding sexual advertising and access to pornographic material on the internet were submitted to the House Standing Committee on Petitions for consideration. On 8 May 2009, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petitions. The Minister provided a response on 27 May 2009. On that day, the Department appeared at a public hearing convened by the Standing Committee on Petitions which considered this matter.

REDEVELOPMENT OF COMMONWEALTH LAND IN TOOWONG, QLD

On 19 March 2009, Mr Michael Johnson MP, Member for Ryan, tabled a petition in the House of Representatives regarding the redevelopment of Commonwealth land in Toowong, Queensland. On 8 May 2009, the Chair of the Standing Committee on Petitions, Mrs Julia Irwin MP, wrote to the Minister seeking a written response to the issues raised in the petition. The Minister provided a response on 25 June 2009.

Information about these petitions can be viewed on the web pages of the Standing Committee on Petitions at www.aph.gov.au/house/committee/petitions.

APPENDIX 3—EXTERNAL SCRUTINY

The Australian National Audit Office (ANAO) issued four reports of relevance to the Department in 2009–10. Two reports required the direct participation of the Department. Two reports were of special interest to the Department.

2009–10 DIRECT PARTICIPATION

REPORT NO. 17 AUDITS OF THE FINANCIAL STATEMENTS OF AUSTRALIAN GOVERNMENT ENTITIES FOR THE PERIOD ENDED 30 JUNE 2009

Tabled: Thursday, 17 December 2009

The *Auditor-General Act 1997* established the mandate for the Auditor-General to undertake financial statements audits of all Commonwealth entities including those of Government agencies, statutory authorities and government business enterprises.

Financial statement audits are an independent examination of the financial accounting and reporting of public sector entities. This report complements the interim report and provides a summary of the final audit results of the financial statements of all Australian Government entities.

The portfolio is responsible for the promotion of the digital economy, the development of communications, broadcasting and related policies and codes of practice, in addition to the provision of services through agencies including Australia Post, the Australian Broadcasting Corporation and Special Broadcasting Services Corporation.

On 9 April 2009, a new Commonwealth owned company, NBN Co, was established. The principal activities of the company are to build and operate a National Broadband Network to deliver telephony and high speed broadband to Australian homes, schools and businesses.

There were no significant or moderate audit issues identified during the 2008–09 audit.

REPORT NO. 20 THE NATIONAL BROADBAND NETWORK REQUEST FOR PROPOSAL PROCESS

Tabled: Wednesday, 3 February 2010

On 21 April 2009, Senator the Hon. Nick Minchin, then Shadow Minister for Broadband, Communications and the Digital Economy, wrote to the Auditor-General requesting consideration be given to conducting an audit of the National Broadband Network Request For Proposal (RFP) process. Issues raised included the outcome of the process; whether amendments were made to the RFP documents relating to non-compliant bids; Telstra's exclusion from the process; the costs associated with the RFP process for both the Government and bidders; and the refund of bonds paid to bidders.

After conducting a preliminary review, the Auditor-General decided to undertake a performance audit into the National Broadband Network RFP process the objective of which was to examine key aspects of the process.

2008–09 SPECIAL INTEREST

REPORT NO. 6 DO NOT CALL REGISTER

Tabled: Wednesday, 16 December 2009

The objective of the audit was to assess the ACMA's effectiveness in operating, managing and monitoring the Register, including compliance with legislative requirements since its implementation in May 2007.

In conducting the audit and addressing the objective, four key areas were identified for review, namely:

1. consumer awareness and access to the Register
2. industry use of the Register
3. compliance and enforcement
4. contract management and cost recovery arrangements.

The ACMA agreed with all recommendations.

REPORT NO. 4 THE MANAGEMENT AND PROCESSING OF ANNUAL LEAVE

Tabled: Tuesday, 15 September 2009

The objective of this audit was to determine whether selected Australian Government organisations had effective processes for managing the annual leave entitlements of their staff, and whether systems and controls over the processing of annual leave were working as intended. In addressing this objective, the audit also assessed progress being made by the audited organisations in implementing the recommendations in ANAO Audit Report No. 16 2005–06.

Overall, the three audited organisations had developed and implemented effective arrangements for managing the annual leave entitlements of their staff. Each of these organisations had developed and implemented a range of controls, and had policy and procedural documentation to support the management and processing of annual leave.

The Department had fully implemented the six recommendations contained in Audit Report No. 16 2005–06 that were relevant.

APPENDIX 4—LEGISLATION AND STATUTORY INSTRUMENTS

Major legislation that required significant input from Legal Services during the year is set out below.

TELECOMMUNICATIONS LEGISLATION AMENDMENT (NATIONAL BROADBAND NETWORK MEASURES—NETWORK INFORMATION) BILL 2009

This Bill amends the *Telecommunications Act 1997* to establish a regime to provide the Government with access to network information held by telecommunications carriers and other utilities for purposes related to the planning and rollout of the National Broadband Network.

TELECOMMUNICATIONS LEGISLATION AMENDMENT (COMPETITION AND CONSUMER SAFEGUARDS) BILL 2009

This Bill amends the *Telecommunications Act 1997*, the *Trade Practices Act 1974*, the *Telecommunications (Consumer Protection and Service Standards) Act 1999*, and the *National Transmission Network Sale Act 1998* to make a number of reforms to the telecommunications-specific access and anti-competitive conduct regimes, provide stronger separation arrangements for Telstra, strengthen consumer safeguards relating to the provision of telecommunications services, and repeal regulatory requirements that will be made redundant by the reforms.

NATIONAL BROADCASTING LEGISLATION AMENDMENT BILL 2009

This Bill amends the *Australian Broadcasting Corporation Act 1983* (the ABC Act) and the *Special Broadcasting Service Act 1991* to establish a merit-based selection process for the appointment of non-executive directors to the ABC and SBS Boards. The Bill also amends the ABC Act to include a position of staff-elected Director on the ABC Board.

TELECOMMUNICATIONS LEGISLATION AMENDMENT (FIBRE DEPLOYMENT) BILL 2010

This Bill amends the *Telecommunications Act 1997* to help implement the Government's policy that fibre-to-the-premises infrastructure should be installed in new developments that receive planning approval from 1 July 2010.

DO NOT CALL REGISTER LEGISLATION AMENDMENT ACT 2010

This Act amends the *Do Not Call Register Act 2006* to extend the Do Not Call Register to all Australian telephone and fax numbers and makes other consequential amendments.

BROADCASTING LEGISLATION AMENDMENT (DIGITAL TELEVISION) ACT 2010

This Act amends the *Broadcasting Services Act 1992* and the *Copyright Act 1968* to provide for the establishment of Government funded digital television satellite services to ensure viewers in areas of digital television terrestrial signal deficiency can access digital television services after analog services are switched off in their licence area, and to implement a range of digital television regulatory matters to facilitate the provision of an equivalent range of digital television services terrestrially in regional South Australia and New South Wales as those received in metropolitan areas.

RADIOCOMMUNICATIONS LEGISLATION AMENDMENT BILL 2010

This Bill amends the *Radiocommunications Act 1992* to allow the ACMA to issue class licences in the same allocations as spectrum licences, subject to adequate interference safeguards, and provide the ACMA with greater flexibility in the timeframes in which it can commence spectrum licence reissue.

AUSTRALIAN COMMUNICATIONS AND MEDIA AUTHORITY (DEVELOPMENT OF TECHNICAL STANDARDS FOR DOMESTIC DIGITAL TELEVISION RECEPTION EQUIPMENT) DIRECTION NO. 1 OF 2009

This Direction requires the ACMA to determine a technical standard which ensures that domestic reception equipment used for receiving digital television broadcasting or datacasting services have a parental lock capability. The Direction also requires the ACMA to consider whether to exempt any particular class of domestic reception equipment, whether to request an industry code for electronic program guides, and whether to request an industry code that deals with domestic reception equipment labelling schemes.

BROADCASTING SERVICES (SIMULCAST PERIOD FOR METROPOLITAN LICENCE AREAS) DETERMINATION (NO. 1) 2009

This Determination sets the end of the simulcast period for the Brisbane TV1 and Perth TV1 metropolitan licence areas at 30 June 2013, and the Adelaide TV1, Melbourne TV1 and Sydney TV1 licence areas at 31 December 2013.

BROADCASTING SERVICES (SIMULCAST PERIOD FOR MILDURA/SUNRAYSLIA LICENCE AREAS) DETERMINATION (NO. 2) 2009

This Determination sets the end of the simulcast period for the Mildura/Sunraysia licence area at 30 June 2010.

COMMUNICATIONS (REDUNDANT REGULATION) INSTRUMENT OF REVOCATION (NO. 1) 2009

This Instrument revokes a number of redundant instruments which are administered by the Minister for Broadband, Communications and the Digital Economy (the Minister).

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION (INQUIRY INTO PRICE CONTROL ARRANGEMENTS) DIRECTION (NO. 1) 2009

This Direction requires the ACCC to hold a public inquiry about price control arrangements for carriage services, content services and facilities supplied after 30 June 2010 by Telstra Corporation Limited, and to provide a report to the Minister setting out the ACCC's findings as a result of the inquiry by 12 March 2010.

AUSTRALIAN COMMUNICATIONS AND MEDIA AUTHORITY (ADVICE ABOUT UNIVERSAL SERVICE SUBSIDIES) DIRECTION (NO. 1) 2010

This Direction requires the ACMA to provide advice to the Minister on whether to make a Determination setting the universal service subsidy at particular amounts for particular universal service areas for the period of the 2009–10 financial year. The Direction also revokes a number of previous directions to the ACMA and the former Australian Communications Authority that have been complied with and are redundant.

BROADCASTING SERVICES (SIMULCAST PERIOD FOR BROKEN HILL, MOUNT GAMBIER/SOUTH EAST, RIVERLAND AND SPENCER GULF LICENCE AREAS) DETERMINATION (NO. 1) 2010

This Determination sets the end of the simulcast period for the Broken Hill, Mount Gambier/South East, Riverland and Spencer Gulf licence areas at 15 December 2010.

BROADCASTING SERVICES (DIGITAL-ONLY LOCAL MARKET AREA FOR THE MILDURA/SUNRAYSLIA LICENCE AREA) DETERMINATION (NO. 1) 2010

This Determination determines that a specified area within the Mildura/Sunraysia licence area is to become a digital-only local market area from a specified time.

UNIVERSAL SERVICE SUBSIDIES (2009–10 EXTENDED ZONES) DETERMINATION (NO. 1) 2010

This Determination details the subsidy amounts available to universal service providers for the supply of standard telephone services and the supply, installation and maintenance of payphones in the extended zones universal service area for the 2009–10 claim period.

UNIVERSAL SERVICE SUBSIDIES (2009–10 DEFAULT AREA) DETERMINATION (NO. 1) 2010

This Determination details the subsidy amounts available to universal service providers for the supply of standard telephone services and the supply, installation and maintenance of payphones in the default universal service area for the 2009–10 claim period.

UNIVERSAL SERVICE SUBSIDIES (2009–10 CONTESTABLE AREAS) DETERMINATION (NO. 1) 2010

This Determination details the subsidy amounts available to universal service providers for the supply of standard telephone services and the supply, installation and maintenance of payphones in the contestable universal service areas for the 2009–10 claim period.

BROADCASTING SERVICES (EVENTS) NOTICE (NO. 1) 2004 (AMENDMENT NO. 1 OF 2010)

This Notice amends the *Broadcasting Services (Events) Notice (No. 1) 2004* (the Principal Notice) to remove certain events from the Principal Notice to permit the events to be premiered on a free-to-air television digital multi-channel.

DO NOT CALL REGISTER (DURATION OF REGISTRATION) SPECIFICATION (NO. 1) 2010

This specification specifies five years as being the period of time for which numbers registered on the Do Not Call Register remain in force.

TELEVISION LICENCE FEES AMENDMENT REGULATIONS 2010 (NO. 1)

These Regulations amend the *Television Licence Fees Regulations 1990* to provide rebates of television licence fees.

TELSTRA CARRIER CHARGES—PRICE CONTROL ARRANGEMENTS, NOTIFICATION AND DISALLOWANCE DETERMINATION NO. 1 OF 2005 (AMENDMENT NO. 1 OF 2010)

This Determination amends the Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No. 1 of 2005 (the Principal Determination) to extend the expiry date of the price control arrangements under the Principal Determination from 30 June 2010 to 30 June 2012. The roll-over provisions under clause 30 are also extended by 24 months.

APPENDIX 5—STAFFING STATISTICS

Table 4.3 Full-time and part-time staff—30 June 2010

Ongoing employees				Non-Ongoing employees						
Full-time		Part-time		Full-time		Part-time		Casual		Total
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
252	324	11	44	22	36	5	7	1	0	702

Table 4.5 Senior Executive Service (SES) staff—30 June 2010

	Female	Male	SES Total
SESB1	12	15	27
SESB2	2	7	9
SESB3		3	3
Total	14	25	39

Note: These figures reflect nominal occupancy and do not include acting arrangements and excludes all inoperative staff.

Table 4.6 Staff in EEO groups—30 June 2010

Male	Female	Total Staff 1	DCLB 1&2	ATSI	PWD	Total Staff 2
292	411	703	44	9	15	535
41.5%	58.5%	100%	6.3%	1.3%	2.1%	76.1%

Percentages of EEO statistics have been derived from this total. This table excludes all inoperative staff.

KEY TO TABLE

Total staff 1: Ongoing and non-ongoing staff substantively employed as at 30 June 2010. Percentages of male and female staff relate to this total

DCLB1: People from diverse linguistic backgrounds (first generation)

DCLB2: People from diverse linguistic backgrounds (second generation)

ATSI: Aboriginal and/or Torres Strait Islander peoples

PWD: People reporting a disability

Total staff 2: Total number of staff who volunteer EEO information, including 'no' answers to questions

Table 4.7 Number of staff on individual arrangements or Enterprise Agreement—30 June 2010

	Individual Arrangements*	Enterprise Agreement	Classification Total
SES	39	0	39
EL2	18	104	104
EL1	14	192	192
APS1–6	4	366	366
Instrument Total	75	662	701

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels. This table excludes the departmental Secretary and all inoperative staff.

* Includes Australian Workplace Agreements, Common Law Contracts, section 24(1) Determinations and supplementary arrangements.

Australian Workplace Agreements, Common Law Contracts and section 24(1) Determinations are in place for SES Staff. Supplementary agreements are in place for Non-SES Staff. Staff can be covered by the Enterprise Agreement and still have individual arrangements.

Table 4.8 Salary range of employees 2009–10

Classification	Enterprise Agreement		Individual Arrangements*	
	Salary Range [\$]		Salary Range [\$]	
	Lowest	Highest	Lowest	Highest
APS1	39 556	43 438	N/A	N/A
APS2	45 959	45 959	N/A	N/A
APS3	50 387	54 681	N/A	N/A
APS4	56 729	64 771	N/A	N/A
APS5	63 245	84 776	N/A	N/A
APS6	67 881	84 281	83 661	83 719
EL1	84 776	109 711	91 820	106 517
EL2	56 351	141 178	109 307	142 458
SES	N/A	N/A	140 744	241 000

Note: Part-time salaries have been annualised to full-time for comparison. This table excludes all inoperative staff. Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

* Includes Australian Workplace Agreements, Common Law Contracts and section 24(1) Determinations in place for SES Staff and supplementary agreements in place for Non-SES Staff.

Table 4.9 Performance payments 2009–10

Classification	Number of staff paid	Aggregate amount [\$]	Average amount [\$]	Lowest payment [\$]	Highest payment [\$]
SES	36	399 756.77	11 104.35	2 851.82	22 902.00
EL2	81	586 542.88	7 241.27	199.39	12 947.33
APS1–EL1	72	439 099.25	6 098.60	1 785.79	10 670.00
Total	189	\$1 425 398.90			

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

This table includes all staff who received a performance payment for 2009–10 (includes terminated and inoperative staff as at 30 June 2010).

Table 4.10 Performance payments 2008–09, paid in 2009–10

Classification	Number of staff paid	Aggregate amount [\$]	Average amount [\$]	Lowest payment [\$]	Highest payment [\$]
EL2	5	43 649.99	8 730.00	5 174.24	15 395.64
EL1	3	15 534.59	5 178.20	4 519.25	5 592.24
Total	8	59 184.58			

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

APPENDIX 6—FREEDOM OF INFORMATION

This statement is provided in accordance with section 8 of the *Freedom of Information Act 1982* (the FOI Act) and is correct as at 30 June 2010.

Section 8 of the FOI Act requires each agency to publish detailed information about its functions, decision-making powers that affect the public, and arrangements for public involvement in the formulation of policy and work of the agency. Agencies are also required to publish the categories of documents held by the agency, and details of how members of the public can access the documents.

ORGANISATION AND FUNCTIONS

Information about the organisation and functions of the Department is contained in the Overview, and Management and Accountability sections of this annual report. Information can also be found on the Department's website at www.dbcde.gov.au.

DECISION-MAKING POWERS

Decision-making powers of the Department and/or the Minister that may affect members of the public are exercised under or in relation to the following Acts or other instruments made under those Acts that are administered by the Minister:

- > *Australian Broadcasting Corporation Act 1983*
- > *Australian Communications and Media Authority Act 2005*
- > *Australian Postal Corporation Act 1989*
- > *Broadcasting Services Act 1992*
- > *Datacasting Charge (Imposition) Act 1998*
- > *Datacasting Transmitter Licence Fees Act 2006*
- > *Do Not Call Register Act 2006*
- > *Interactive Gambling Act 2001*
- > *National Transmission Network Sale Act 1998*
- > *NRS Levy Imposition Act 1998*
- > *Radiocommunications Act 1992*
- > *Radiocommunications (Receiver Licence Tax) Act 1983*
- > *Radiocommunications (Spectrum Licence Tax) Act 1997*
- > *Radiocommunications Taxes Collection Act 1983*
- > *Radiocommunications (Transmitter Licence Tax) Act 1983*
- > *Radio Licence Fees Act 1964*
- > *Spam Act 2003*

- > *Special Broadcasting Service Act 1991*
- > *Telecommunications Act 1997*
- > *Telecommunications (Carrier Licence Charges) Act 1997*
- > *Telecommunications (Consumer Protection and Service Standards) Act 1999*
- > *Telecommunications (Numbering Charges) Act 1997*
- > *Telecommunications (Universal Service Levy) Act 1997*
- > *Television Licence Fees Act 1964*
- > *Telstra Corporation Act 1991*
- > *Trade Practices Act 1974, Parts XIB and XIC*

ARRANGEMENTS FOR OUTSIDE PARTICIPATION AND PUBLIC INVOLVEMENT

The Department encourages engagement with citizens and external organisations and provides opportunities for them to contribute to aspects of Australia's telecommunications, broadcasting, communication technology, and digital economy development. Information about issues on which the Department is currently consulting, is available on the Department's website at www.dbcde.gov.au/consultation_and_submissions.

The Department has ongoing involvement with various external bodies, several of which are listed below. These organisations may also play a role in consulting with the community and industry.

- > Australian Communications Consumer Action Network
- > Australian Community Broadcasting Foundation
- > Australian Community Television Association
- > Australian Mobile Telecommunications Association
- > Australian Subscription Television and Radio Association
- > Australian Telecommunications User Group
- > Commercial Radio Australia
- > Communications Alliance
- > Community Broadcasters Association of Australia
- > Consultative Working Group on Cyber-safety and Youth Advisory Group
- > Free TV Australia
- > Internet Industry Association

CATEGORIES OF DOCUMENTS

The Department has extensive documentary holdings, in print copy and electronic form. A wide variety of documents are also available on the Department's website at www.dbcde.gov.au. Certain categories of documents are common throughout the Department, these include:

- > documents relating to policy development and program administration, including reports, briefings, correspondence, minutes, submissions, statistics and other documents
- > Cabinet submissions and memoranda
- > ministerial briefings
- > records of representations to the portfolio ministers and of other applications for advice and assistance
- > reference material used by staff including guidelines and manuals
- > documents relating to personnel management, financial and resource management, internal departmental administration and parliamentary services
- > specialist advice such as advice on legal, commercial, technical and economic matters.

The subject matter of the documents covers all areas of the Department's responsibilities, including broadcasting; digital switchover; National Broadband Network implementation; networks policy and regulation; postal policy; cyber security; and the digital economy.

MANUALS

In accordance with section 9 of the FOI Act, a list has been compiled of unpublished manuals and other documents used by departmental staff as a guide to procedures and practices to be followed when dealing with the public. The list, which is correct as at 30 June 2010, is available on request from the Department's FOI Officer (see below for contact details), any office of the National Archives of Australia (NAA), or by visiting the NAA website www.naa.gov.au and then clicking on About us > Organisation > Reporting and FOI Statements.

ACCESS TO RECORDS UNDER THE FOI ACT

Members of the public are entitled to apply for access to documents held by the Department under the FOI Act. In many cases, the FOI Act may not need to be used. If the documents being sought are publicly available they may be accessible through the Department's website at www.dbcde.gov.au, by email to media@dbcde.gov.au, or by telephoning the media enquiries line on 02 6271 1777.

Since 1 May 2010, decisions on granting access to documents under the FOI Act have been made by centralised decision makers in the Corporate and Business Division. Prior to this date, the decision-making function rested with the Senior Executive Service officer responsible for the work area to which the subject matter of a request related. Access is usually provided in the form of copies of documents. Alternatively, the Department can

provide a reading area for the inspection of documents made available under the FOI Act.

To apply for access to documents under the FOI Act, members of the public should make a request in writing to the Department or the relevant portfolio agency and enclose the \$30 application fee, pending commencement of the new legislation on 1 November 2010. Application fees will no longer apply from 1 November 2010. The Department also accepts applications made by way of facsimile or email (see FOI Officer contact details below). Cheques and money orders should be made payable to the Department of Broadband, Communications and the Digital Economy. The Department's website includes additional information about fees and processing charges, including requests for their remission.

When making an FOI request, applicants should give as much information as they can to enable the Department to identify the documents being sought and include an address in Australia to which notifications can be posted (from 1 November 2010 an Australian address will not be required). It is useful to also include contact details such as a telephone number and/or email address to allow officers processing the request to contact an applicant if any clarification is required. FOI requests for the Department should be addressed to:

FOI Officer
Department of Broadband, Communications and the Digital Economy
GPO Box 2154
CANBERRA ACT 2601

The Department's FOI Officer can help with this process, and can be contacted by telephone on 02 6271 1741, by fax on 02 6271 1069, or by email at foi@dbcde.gov.au.

Portfolio agencies, listed in the Overview section, are part of the Broadband, Communications and the Digital Economy portfolio but are not part of the Department's functional and organisational structure. To obtain information or documents from these agencies, please contact them directly.

APPENDIX 7—ADVERTISING AND MARKET RESEARCH

A total of \$17 488 900.13 consisting of payments of greater than \$11 200 were paid by the Department during the year to:

- > advertising agencies
- > market research organisations
- > polling organisations
- > direct mail organisations
- > media advertising organisations

Table 4.11 Media advertising agencies

Organisation name	Purpose	Amount of payment
Adcorp	Staff Recruitment Advertising	\$11 402.65
Adcorp	Staff Recruitment Advertising	\$12 352.45
Adcorp	Advertising for Community Liaison Officer	\$13 783.30
Adcorp	Staff Recruitment Advertising	\$15 144.48
Adcorp	Advertising for Digital Regions Initiative—Round 2	\$15 759.62
Adcorp	Staff Recruitment Advertising	\$18 641.63
Adcorp	Advertisement for Digital Dividend Green Paper submissions	\$21 061.82
Adcorp	Advertising Request for Tender—Digital Switchover Regional Victoria	\$21 828.88
Adcorp	Newspaper Advertising—Do Not Call Register	\$21 937.64
Adcorp	Radio Advertising—Satellite Phone Subsidy Scheme	\$25 842.21
Adcorp	Staff Recruitment Advertising	\$28 374.63
Adcorp	Request for Tender Advertising—Digital Switchover South Australia	\$28 745.29
Adcorp	Advertising for Regional Radio Local Content Review	\$29 930.76

Organisation name	Purpose	Amount of payment
Adcorp	ABC & SBS Board Appointments—Advertising	\$49 096.80
Adcorp	Anti-siphoning advertising	\$52 023.24
Adcorp	Press Advertising—Satellite Phone Subsidy Scheme	\$95 246.70
Nvisage Media International Pty Ltd	Screen Advertising—Digital Switchover Campaign	\$46 750.00
Total Media Advertising Agencies		\$507 922.19

Table 4.12 Direct mail organisations

Organisation name	Purpose	Amount of payment (inc GST)
Salmat Pty Ltd	Mildura mail out for Digital Switchover campaign	\$18 965.63
Salmat Pty Ltd	Data analysis services of mail outs for South Australia, Broken Hill and multi-dwelling units in Mildura	\$20 350.00
Salmat Pty Ltd	Print-run of custom brochure stands for the Digital Switchover campaign	\$27 471.73
Salmat Pty Ltd	Print-run of South Australia brochure for the Digital Switchover campaign	\$28 286.50
Salmat Pty Ltd	Print-run of National brochure for the Digital Switchover campaign	\$51 719.94
Salmat Pty Ltd	Print-run of National brochure for display at Australia Post outlets across Australia	\$116 844.49
Total Direct Mail Organisations		\$263 638.29

Table 4.13 Market research organisations

Organisation name	Purpose	Amount of payment (inc GST)
eMarketer Inc	eMarketer subscription renewal	\$22 528.16
Open mind Research	Market research for Cyber Security	\$81 720.13
ORIMA Research	Digital Switchover Awareness Campaign	\$1 545 824.91
ORIMA Research	National Broadband Network Awareness Campaign	\$552 661.97
ORIMA Research	Digital Switchover Household Assistance Scheme—post installation research	\$93 616.40
Roy Morgan Research Centre Pty Ltd	Retail compliance program quality assurance	\$49 643.00
Wallis Consulting Group Pty Ltd	Service client charter for annual survey	\$30 764.00
Woolcott Research Pty Ltd	Cyber Security Baseline Survey 2009–10	\$77 000.00
Total Market Research Organisations		\$2 453 758.57

Table 4.14 Advertising organisations

Organisation name	Purpose	Amount of payment (inc GST)
BMF	Digital Switchover campaign—development of creative materials	\$995 997.20
Clemenger BBDO	Creative Agency Services	\$1 311 200.00
Mary Dickie Issues Management Pty Ltd	Engagement of Public Relations Consultancy for National Cyber Security Awareness Week	\$160 409.70
Universal McCann	Media buy for Digital Switchover Campaign	\$11 650 140.00
ZOO Communications	Usability Review for the DBCDE Website	\$42 350.00
ZOO Communications	Design for 2008–09 Annual Report	\$45 404.18
ZOO Communications	Usability Review of Mapping Application	\$58 080.00
Total Advertising Agencies		\$14 263 581.08

During 2009–10, the Department of Broadband, Communications and the Digital Economy conducted the following advertising campaigns: Digital Switchover and the National Broadband Network. Further information on those advertising campaigns is available at www.dbcde.gov.au and in the reports on Australian Government advertising that are prepared by the Department of Finance and Deregulation. These reports are available at www.finance.gov.au/advertising.

APPENDIX 8—GRANTS

The Department administers the following grant programs:

- > Community Broadcasting Program
- > Consumer Representation Grants
- > Digital Switchover Liaison Officer
- > E-Security National Agenda
- > Indigenous Communications Program
- > Industrial Control Systems—Cyber Security Training
- > National Transmission Network Residual Funding Pool
- > Regional Equalisation Plan
- > TV Towers
- > Viewer Access Satellite Television

Further information on individual grants awarded by the Department of Broadband, Communications and the Digital Economy since 1 July 2009 is available at www.dbcde.gov.au then click on About us>reporting requirements and reviews.

APPENDIX 9—REPORT ON PERFORMANCE IN IMPLEMENTING THE COMMONWEALTH DISABILITY STRATEGY

This appendix reports the Department's performance during 2009–10 against the performance framework of the Commonwealth Disability Strategy. The Disability sector is a prominent portfolio stakeholder and during 2009–10 the Government continued to make it a priority for consumers to have a strong voice and protections in the emerging environment.

POLICY ADVISOR ROLE—CONSIDERATION OF THE NEEDS OF PEOPLE WITH DISABILITIES IN POLICY DEVELOPMENT

New or revised policy/program to assess the impact on the lives of people with disabilities prior to decision.

Processes and templates for the development of new policy or the revision of existing policy and preparation of Cabinet submissions include mandatory consideration of the impact of proposals on different community groups. Examples:

- > The Department completed a feasibility study into whether an Independent Disability Equipment Program should be established.
- > The Minister announced the Department would commence work on the establishment of an SMS emergency service for people with a disability.
- > The commissioned Implementation Study for the National Broadband Network considered and made recommendations on a range of factors likely to be of significance for end-users with disabilities.
- > The Department provided funding to three organisations through its Telecommunications Consumer Representation and Research Grants program to facilitate representation of consumers with a disability.

People with disabilities are included in consultation about new or revised policy/program proposals.

In developing and reviewing policy and legislation, the Department consulted widely with interested parties and designed processes that supported the participation of those most affected and provided time for comment. Examples include:

- > Broader issues raised during the Independent Disability Equipment Program consultations will also be considered in a review/community consultation process (announced April 2010) to explore the future of the National Relay Service.

- > In developing the policy response to the NBN Implementation Study, a submission was lodged by ACCAN that addressed a number of issues of importance to end-users with a disability.
- > ACCAN provided a submission in response to the Government's Digital Dividend Green Paper, was consulted during development of broadband and telecommunications related legislation, in addition to a submission on related exposure drafts; and contributed on a range of issues as a member of the Department's Fibre in New Developments Stakeholder Reference Group.
- > The Consumer Expert Group (CEG) was set up to help the Digital Switchover Taskforce (DST) reach out and communicate with vulnerable groups.
- > The DST consulted with community organisations on the Household Assistance Scheme in the Mildura and regional South Australian TV licence areas, including 13 organisations primarily concerned with disability advocacy and care.
- > Consultations, including people with disabilities also occurred on the following reviews:
 - Content and Access: The future of program standard and captioning requirements on digital television multi-channels.
 - Sport on Television Review.
 - Access to Electronic Media for the Hearing and Vision Impaired: Approaches for Consideration.

Public announcements of new, revised or proposed policy/program initiatives are available in accessible formats* for people with disabilities in a timely manner.

- > The Department produced audio files (available as a CD and on the Department's website) and Braille copies of the discussion reports, *Access to Electronic Media for the Hearing and Vision Impaired: Approaches for Consideration*; *Content and Access: the future of program standards and captioning requirements on digital television multi-channels* and *Sport on Television Review*. These formats were in addition to copies of the discussion papers provided on the Department's website in RTF, PDF and HTML format. Provision was made to supply information about the Digital Switchover Household Assistance Scheme in accessible formats on the Digital Ready website and on USB sticks for visually impaired customers of the scheme.
- > All relevant policy announcements/media releases, submissions to the Department and grant program guidelines were made available in accessible formats on the Department's website, with all web content in formats compliant with international internet accessibility standards.

The Communication and Media branch provides communication advice consistent with the National Disability Strategy. Examples include providing audio links to visually-impaired clients, pop-up screens and teletype for those with a hearing disability. The Department also ensures that event venues contain audio-looping for

hearing-impaired attendees, provides Braille copies of fact sheets, Auslan captioning for videos on the Stay Smart Online website and audio files of discussion papers.

* Accessible formats include electronic formats such as ASCII (or .txt) files and HTML for the web. Non electronic accessible formats include braille, audio cassette, large print and easy English. Other ways of making information accessible include video captioning and Auslan interpreters.

REGULATOR ROLE—PROVISION OF INFORMATION TO THE PUBLIC ON REGULATIONS AND QUASI-REGULATIONS

Publicly available information and reporting on regulations and quasi-regulations is available in accessible electronic formats; and accessible formats other than electronic for people with disabilities.

The Department's Regulatory Plan is available on the Department's website in an accessible format and plain English principles were followed in all legal material, available on the Department's website.

All legislative instruments made, are posted on the Federal Register of Legislative Instruments (FRLI). All documents on FRLI are accessible in multiple formats on ComLaw (a website managed by the Attorney-General's Department).

PURCHASER ROLE—REFLECTING THE NEEDS OF PEOPLE WITH DISABILITIES IN COMMONWEALTH PURCHASING

Publicly available information on agreed purchasing specifications are available in accessible electronic formats; and accessible formats other than electronic for people with disabilities.

All open tender processes were available online, with all tender documentation available in PDF format for security reasons. Documents included advice on how to request the information in alternative formats. All of the Department's grant/funding program guidelines were available online.

The Department's standard contract terms and funding deeds (except in the minimalist form) required compliance with relevant legislation including the *Disability Discrimination Act 1992*. Draft contracts were supplied with all standard requests for tender.

Processes for purchasing goods or services with a direct impact* on the lives of people with disabilities are developed in consultation with people with disabilities.

All purchasing specifications of goods and services that directly impact on the lives of people with disabilities incorporate accessibility requirements. All procurement documentation including Requests for Tender (RFT), Consultancy Services Agreements, Services Agreements, Deeds of Standing Offer and non-standard templates include clauses requiring compliance with the *Disability Discrimination Act 1992*.

> The Digital Switchover Taskforce issued three RFTs in relation to the Digital Switchover Household Assistance Scheme. The RFTs included a requirement to supply and install a set-top box suitable for people with a disability. One of the RFTs specified conformance with Vision Australia's guidelines in relation to any operator's guide.

* Direct impact means those goods and services which will have an explicit consequence, effect or influence on people with disabilities. It includes the purchase of mainstream goods and services as well as specialist disability services.

Purchasing specifications* and contract requirements for the purchase of goods and services are consistent with the requirements of the *Disability Discrimination Act 1992*

All tender specifications for goods and services advise that tender organisations must comply with the Act. The Department's standard templates and tools used to generate non-standard tender documentation contain clauses to this effect.

* Purchasing agreements can include contracts, memoranda of understanding and service level agreements.

Publicly available performance reporting against the purchase contract specifications requested in accessible formats* for people with disabilities is provided.

All contracts entered into by the Department for the purchase of goods and services (except in the minimalist form) contain provisions requiring the contractor to comply with the Act. The Department's standard contract templates and tools used to generate non-standard contracts contain provisions to this effect.

* Accessible electronic formats include ASCII (or .txt) files and HTML for the web. Non electronic accessible formats include braille, audio cassette, large print and easy English. Other ways of making information accessible include video captioning and Auslan interpreters.

Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about provider's performance.

> See Provider role.

PROVIDER ROLE—CUSTOMER SERVICE TO PEOPLE WITH DISABILITIES

Providers have established mechanisms for quality improvement and assurance.

Over the last three years, overall client satisfaction with the Department's sensitivity to diversity has remained over 95 per cent and the proportion of clients rating the Department's sensitivity to diversity as good or excellent has been over 75 per cent. The Department has also improved slightly in the area of ensuring diversity of participants in the development and review of policy and legislation, with 92 per cent being satisfied with this aspect compared with 91 per cent in 2009.

As a result of the Government 2.0 Taskforce report the Department has commenced deployment of Web 2.0 platforms, in accordance with the report's recommendations. Accessibility conformance statements for departmental websites can be found in the accessibility section of the website's help page.

Note: More information about the Client Service Survey is reported in the Performance Review Section of this Report.

Providers have an established service charter that specifies the roles of the provider and consumer and service standards which address accessibility for people with disabilities.

The Department's *Service Charter 2008–2010* complies with Department of Finance and Administration's 'Client Service Charter Principles' and addresses accessibility and diversity issues. The Charter applies to clients in the Department's policy advisor, regulator, purchaser and provider roles.

Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about performance.

The Department's *Service Charter 2008–2010* alerts clients to an electronic feedback form on the Department's website and outlines arrangements for contacting the Department to resolve complaints.

In the Department's 2010 Client Service Survey results, two per cent of clients indicated they had lodged a complaint with the Department, with 52 per cent of those clients stating

they were satisfied with how the complaint was handled. This is a comparable result to 2009 when 52 per cent were satisfied with the handling of their complaint. The survey did not identify whether any of the complaints concerned discrimination or accessibility.

Five formal service complaints were received by the Client Service Manager in 2009–10. In each case, the complaint was investigated and a response provided to the complainant outlining the administrative process undertaken by the Department. None of the complaints concerned discrimination or accessibility.

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Minister for Broadband, Communications and the Digital Economy

Scope

I have audited the accompanying financial statements of the Department of Broadband, Communications and the Digital Economy (the department) for the year ended 30 June 2010, which comprise: a Statement by the Departmental Secretary and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Asset Additions; Schedule of Administered Items; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Responsibility of the Secretary for the Financial Statements

The department's Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7277

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the department's Secretary, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Department of Broadband, Communications and the Digital Economy:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of Broadband, Communications and the Digital Economy's financial position as at 30 June 2010 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Peter Kerr
Executive Director
Delegate of the Auditor-General
Canberra

21 September 2010



Australian Government
**Department of Broadband,
Communications and the Digital Economy**

2009-2010 FINANCIAL STATEMENTS

**STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2010 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Peter Harris
Secretary

20 September 2010



Simon A Ash FCPA
Chief Financial Officer

20 September 2010

Department of Broadband, Communications and the Digital Economy
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
EXPENSES			
Employee benefits	3A	72,854	66,118
Supplier expenses	3B	71,061	42,533
Grants	3C	58	10
Depreciation and amortisation	3D	5,810	5,862
Finance costs	3E	81	247
Write-down and impairment of assets	3F	995	258
Sale of assets	3G	13	-
Other expenses	3H	12	3
Total expenses		150,884	115,031
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	803	293
Rental income	4B	1,007	980
Other revenue	4C	238	248
Total own-source revenue		2,048	1,521
Gains			
Reversals of previous asset write-downs	4D	276	-
Other gains	4E	482	465
Total gains		758	465
Total own-source income		2,806	1,986
Net cost of services		148,078	113,045
Revenue from Government	4F	153,798	117,075
Surplus attributable to the Australian Government		5,720	4,030
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves		1,850	1,461
Total other comprehensive income		7,570	5,491
Total comprehensive income attributable to the Australian Government		7,570	5,491

The above statement should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
BALANCE SHEET
as at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A, 9	546	2,172
Trade and other receivables	5B	79,257	84,331
Accrued revenue	5C	229	-
Total financial assets		80,032	86,503
Non-Financial Assets			
Land and buildings	6A, 6C	8,587	6,244
Infrastructure, plant and equipment	6B, 6C	3,344	4,942
Intangibles	6D, 6E	6,747	1,728
Other non-financial assets	6F	813	397
Total non-financial assets		19,491	13,311
Total Assets		99,523	99,814
LIABILITIES			
Payables			
Suppliers	7A	13,284	6,550
Lease incentives	7B	915	138
Other payables	7C	3,090	1,803
Total payables		17,289	8,491
Provisions			
Employee provisions	8A	17,501	16,449
Other provisions	8B	3,765	1,831
Total provisions		21,266	18,280
Total Liabilities		38,555	26,771
Net Assets		60,968	73,043
EQUITY			
Contributed equity		-	74
Reserves		4,769	2,919
Retained surplus		56,199	70,050
Total Equity		60,968	73,043

The above statement should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2010

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	70,050	66,041	2,919	1,458	74	-	73,043	67,499
Adjustment for errors	-	(2)	-	-	-	-	-	(2)
Adjustment for changes in accounting estimates ¹	(234)	-	-	-	-	-	(234)	-
Adjusted opening balance	69,816	66,039	2,919	1,458	74	-	72,809	67,497
Comprehensive income								
Other comprehensive income	-	-	1,850	1,461	-	-	1,850	1,461
Surplus for the period	5,720	4,030	-	-	-	-	5,720	4,030
Total comprehensive income	5,720	4,030	1,850	1,461	-	-	7,570	5,491
of which:								
Attributable to the Australian Government	5,720	4,030	1,850	1,461	-	-	7,570	5,491
Transactions with owners								
Distributions to owners								
Returns of capital:								
Reductions of appropriations (<i>Appropriation Act section 10</i>)	(19,337)	-	-	-	(1,587)	(229)	(20,924)	(229)
Other ²	-	(19)	-	-	-	-	-	(19)
Contributions by owners								
Appropriation (equity injection)	-	-	-	-	1,513	303	1,513	303
Sub-total transactions with owners	(19,337)	(19)	-	-	(74)	74	(19,411)	55
Transfers between equity components	-	-	-	-	-	-	-	-
Closing balance as at 30 June	56,199	70,050	4,769	2,919	-	74	60,968	73,043
Closing balance attributable to the Australian Government	56,199	70,050	4,769	2,919	-	74	60,968	73,043

¹ In 2009-10, the Department exercised its option to extend the lease of 44 Sydney Ave, Canberra, and St Martins Tower, Sydney. This required adjustments over the life of the existing lease for lease incentive liabilities (\$196,321), operating lease payable (\$38,016) and accumulated results (\$234,337).

² This adjustment relates to the transfer of the International Aid Special Account balance to AusAID on 30 June 2009 under subsection 26c of the *FMA Act*.

The above statement should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
CASH FLOW STATEMENT
for the period ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		1,568	1,461
Appropriations		148,594	110,399
Net GST received		6,510	4,283
Other		3,071	3,352
Total cash received		159,743	119,495
Cash used			
Employees		72,597	67,147
Suppliers		73,229	45,388
Grants		62	11
Net cash transferred to the Official Public Account		10,188	4,146
Other		170	128
Total cash used		156,246	116,820
Net cash used by operating activities	9	3,497	2,675
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of infrastructure, plant and equipment		12	2
Total cash received		12	2
Cash used			
Purchase of infrastructure, plant and equipment		1,223	2,214
Purchase of intangibles		3,676	862
Purchase of land and buildings		3,154	755
Total cash used		8,053	3,831
Net cash used by investing activities		(8,041)	(3,829)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		2,918	221
Total cash received		2,918	221
Net cash used by financing activities		2,918	221
Net Decrease in cash held		(1,626)	(933)
Cash and cash equivalents at the beginning of the reporting period		2,172	3,105
Cash and cash equivalents at the end of the reporting period	5A	546	2,172

The above statement should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF COMMITMENTS
as at 30 June 2010

	2010 \$'000	2009 \$'000
BY TYPE		
Commitment receivable		
Sublease rental income ¹	(92)	(1,199)
GST recoverable on commitments	(2,724)	(2,412)
Total commitments receivable	(2,816)	(3,611)
Commitments payable		
Capital commitments		
Infrastructure, plant and equipment ²	-	342
Intangibles	-	196
Total capital commitments	-	538
Other commitments		
Operating leases ³	18,023	19,091
Service contract commitments ⁴	12,027	8,102
Total other commitments	30,050	27,193
Net commitments by type	27,234	24,120
BY MATURITY		
Commitments receivable		
Operating lease income		
One year or less	(92)	(1,107)
From one to five years	-	(92)
Total operating lease income	(92)	(1,199)
GST commitments receivable		
One year or less	(1,270)	(1,050)
From one to five years	(1,454)	(1,362)
Total GST commitments receivable	(2,724)	(2,412)
Commitments payable		
Capital commitments		
One year or less	-	538
Total capital commitments	-	538
Operating lease commitments		
One year or less	6,912	7,790
From one to five years	11,111	11,301
Total operating lease commitments	18,023	19,091
Other commitments		
One year or less	7,146	4,326
From one to five years	4,881	3,776
Total other commitments	12,027	8,102
Net commitments by maturity	27,234	24,120

NB: Commitments are GST inclusive where relevant.

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy

SCHEDULE OF COMMITMENTS

as at 30 June 2010

¹ Operating lease income relates to the sublease of 28 National Circuit, Canberra (Burns Centre).

² Infrastructure, plant and equipment commitments relate to building improvements for leased premises.

³ Operating leases relate to premises leased by the Department. The main operating leases include the following:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	<p><u>Main office accommodation</u></p> <p>Lease payments at 38 Sydney Avenue, Canberra are subject to bi-annual reviews adjusted to reflect current market rates. The current term for the office accommodation expires on 21 November 2012. A further term of 5 years is available at the Department's discretion.</p> <p><u>Secondary office accommodation</u></p> <p>Lease payments at 44 Sydney Avenue level 1 and 2, Canberra, are subject to a 4% fixed annual adjustment. The initial term for the office accommodation expires on 31 July 2013.</p> <p>Lease payments at 44 Sydney Avenue suite 1A, Canberra, are subject to a 3.5% fixed annual adjustment. The initial term for the office accommodation expires on 31 July 2013. One further term of 5 years is available at the Department's discretion.</p> <p>Lease payments at 31 Market Street, Sydney, are subject to a 4% fixed annual adjustment. The initial term expires on 30 June 2013. A further term of 3 years is available at the Department's discretion.</p> <p>The lease of storage space at 122-124 Gladstone Street, Canberra, expires on 30 April 2011. A further term of 3 years is available at the Department's discretion.</p>
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the Department.

⁴ Service contract commitments primarily relate to security, cleaning, payroll, consultancies and contractors.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ASSET ADDITIONS
for the period ended 30 June 2010

The following non-financial non-current assets were added in 2009-2010:

	Buildings \$'000	Infrastructure, Plant & Equipment \$'000	Intangibles \$'000	Total \$'000
Additions funded in the current year				
By purchase - appropriation equity	971	79	186	1,236
By purchase - appropriation ordinary annual services	3,345	1,143	4,927	9,415
Total additions funded in the current year	4,316	1,222	5,113	10,651
Additions recognised in 2009-10 - to be funded in future years				
Restoration obligation	175	-	-	175
Total additions funded in future years	175	-	-	175
Total asset additions	4,491	1,222	5,113	10,826

The following non-financial non-current assets were added in 2008-2009:

Additions funded in the current year				
By purchase - appropriation equity	-	-	221	221
By purchase - appropriation ordinary annual services	755	2,214	641	3,610
Total additions funded in the current year	755	2,214	862	3,831
Total asset additions	755	2,214	862	3,831

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2010 \$'000	2009 \$'000
Income administered on behalf of Government			
<i>for the period ended 30 June 2010</i>			
Revenue			
Non-taxation revenue			
Interest	14A	633	86,395
Dividends	14B	171,900	427,800
Other revenue	14C	1,005	349
Total non-taxation revenue		173,538	514,544
Total revenues administered on behalf of Government		173,538	514,544
Gains			
Other gains	14D	-	1,018
Total gains administered on behalf of Government		-	1,018
Total income administered on behalf of Government		173,538	515,562
Expenses administered on behalf of Government			
<i>for the period ended 30 June 2010</i>			
Suppliers	15A	30,226	11,837
Subsidies	15B	79,254	84,816
Grants	15C	74,220	83,070
Write-down and impairment of assets	15D	7	18
Payments to CAC Act bodies	15E	1,121,484	1,049,870
Other expenses	15F	6,140	5,937
Total expenses administered on behalf of Government		1,311,331	1,235,548

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2010 \$'000	2009 \$'000
Assets administered on behalf of Government			
<i>as at 30 June 2010</i>			
Financial assets			
Cash and cash equivalents	16A	-	8,440
Receivables	16B	15,473	18,798
Other investments	16C	3,577,991	3,610,191
Total financial assets		3,593,464	3,637,429
Non-financial assets			
Infrastructure, plant and equipment	16D, 16E	44,493	-
Other non-financial assets	16F	3,277	3,107
Total non-financial assets		47,770	3,107
Total assets administered on behalf of Government		3,641,234	3,640,536
Liabilities administered on behalf of Government			
<i>as at 30 June 2010</i>			
Payables			
Suppliers	17A	26,256	1,698
Subsidies	17B	7,937	6,667
Grants	17C	849	8,337
Administered GST Payable	17D	5,044	5,935
Total payables		40,086	22,637
Total liabilities administered on behalf of Government		40,086	22,637
This schedule should be read in conjunction with the accompanying notes.			

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Cash Flows <i>for the period ended 30 June 2010</i>	Notes	2010 \$'000	2009 \$'000
OPERATING ACTIVITIES			
Cash received			
Interest		-	94,459
Dividends		171,900	427,800
Net GST received		21,245	19,582
Other		1,170	414
Total cash received		194,315	542,255
Cash used			
Grant payments		89,112	84,648
Subsidies paid		86,079	102,062
Suppliers		27,070	12,098
CAC Act body payment item		1,121,484	1,049,870
Other		8,025	6,340
Total cash used		1,331,770	1,255,018
Net cash used by operating activities		(1,137,455)	(712,763)
INVESTING ACTIVITIES			
Cash received			
Repayments of advances/loans		3,644	-
Receipts from BAF Communications Portfolio Special Account		174,967	10,000
Total cash received		178,611	10,000
Cash used			
Purchase of infrastructure, plant and equipment		27,220	-
Loans to CAC Act bodies		-	15,000
Investments		-	94,300
CAC Act body investments		324,446	23,836
Total cash used		351,666	133,136
Net cash used by investing activities		(173,055)	(123,136)
Net Decrease in Cash Held		(1,310,510)	(835,899)
Cash and cash equivalents at the beginning of the reporting period		8,440	24
Cash from Official Public Account for:			
- Appropriations		184,332	198,262
- CAC Act body appropriations		1,143,930	1,078,706
- Special accounts		154,253	158
- Section 30A drawdowns		20,964	16,317
- Special Appropriation (section 28)		-	3,234
		1,503,479	1,296,677
Cash to Official Public Account for:			
- Appropriations		(2,931)	(3,684)
- Special accounts		-	(158)
- Dividends		(171,900)	(427,800)
- Section 30A repayments		(21,854)	(17,008)
- Special Appropriation (section 28)		-	(3,234)
- Other		(4,724)	(478)
		(201,409)	(452,362)
Cash and cash equivalents at the end of the reporting period	16A	-	8,440

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Commitments	2010	2009
<i>as at 30 June 2010</i>	\$'000	\$'000
BY TYPE		
Commitments receivable		
GST recoverable on commitments	(34,838)	(8,557)
Total commitments receivable	(34,838)	(8,557)
Commitments Payable		
Capital commitments		
Infrastructure, plant and equipment ¹	226,057	-
Total capital commitments	226,057	-
Other Commitments		
Grant commitments ²	117,322	89,888
Other ³	39,841	4,241
Total other commitments	157,163	94,129
Net commitments by type	348,382	85,572
BY MATURITY		
Commitments receivable		
GST commitments receivable		
One year or less	(28,564)	(5,212)
From one to five years	(3,156)	(3,345)
Over five years	(3,118)	-
Total GST commitments receivable	(34,838)	(8,557)
Commitments payable		
Capital commitments		
One year or less	225,621	-
From one to five years	436	-
Total capital commitments	226,057	-
Other commitments		
One year or less	88,586	57,336
From one to five years	34,282	36,793
Over five years	34,295	-
Total other commitments	157,163	94,129
Net commitments by maturity	348,382	85,572

NB: Commitments are GST inclusive where relevant.

¹ Capital commitments relates to Regional Blackspots Backbone Program.

² Grant commitments predominantly relate to Information Communication Technology (ICT) - Centre of Excellence (\$28.54m), Consumer Representation Grants Program (\$6.60m), Community Radio Broadcasting Grants (\$13.30m) and Digital Switchover Satellite Funding (\$69.12m).

³ Other commitments mainly relate to advertising campaigns for Digital Switchover and National Broadband Network (\$25.88m).

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ASSET ADDITIONS

Administered Asset Additions
for the period ended 30 June 2010

The following non-financial non-current assets were added in 2009-2010:

	Infrastructure, Plant and Equipment	Total
	\$'000	\$'000
By purchase - BAF Communications Portfolio Special Account	44,493	44,493
Total additions funded in the current year	44,493	44,493
Total asset additions	44,493	44,493

There were no asset additions in 2008-2009.

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Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department of Broadband, Communications and the Digital Economy

The Department of Broadband, Communications and the Digital Economy (the Department) is an Australian Government controlled entity. The objective of the Department is to develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians.

The Department is structured to meet one outcome:

Outcome 1: Development of a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians.

Department activities contributing toward this outcome are classified as either Departmental or Administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Australian Government.

The Department is responsible for the following programs:

- Broadband and Communications Infrastructure: which facilitates the increased availability of fast, affordable and reliable broadband and communications infrastructure across Australia.
- Telecommunications, Online and Postal services: which supports all Australians to safely and securely realise the full potential of the digital economy. Ensure the availability and reliability to consumers and businesses of reasonably priced basic and essential communication service.
- Broadcasting and Digital Television: which ensures the smooth transition to digital television by the end of 2013, through supporting access to high quality and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations.

1.2 Basis of Preparation of the Financial Report

The Financial Statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* and are General Purpose Financial Statements.

The Financial Statements and notes have been prepared in accordance with:

- the Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2009; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Financial Statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities valued at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The Financial Statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Australian Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Department, or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Australian Accounting Standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments or the Schedule of Contingencies (other than unquantifiable contingencies, which are reported at Note 10). The Department does not report any quantifiable contingent liabilities for 2009-10 or 2008-09.

Unless alternative treatment is specifically required by an Australian Accounting Standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Departmental items, except where otherwise stated at Note 1.18.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Department has made some judgements that do not have a significant impact on the amounts recorded in the Financial Statements. Estimates made in relation to the Departmental Financial Statements are to non-financial assets, employee provisions, lease incentives and the restoration obligation for leased properties.

Estimates have been made in relation to Administered Investments for NBN Co Limited as it is based on an unaudited net asset value, and Australia Post as it is based on a Discounted Cash Flow valuation (2008-09: Net Assets).

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 New Australian Accounting Standards

Adoption of new Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. No new standards, revised standards, interpretations and amending standards that were issued prior to the signing of the statement by the Chief Executive and Chief Financial Officer and are applicable to the current reporting period have a material financial impact and are not expected to have a material future financial impact on the entity.

Future Australian Accounting Standard Requirements

No new standards, revised standards, interpretations and amending standards that were issued prior to the signing of the statement by the Chief Executive and the Chief Financial Officer and are applicable to future reporting periods are expected to have a material future financial impact on the entity.

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental outputs for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the Department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at balance date. Impairment allowances are made when collectability of the debt is no longer probable.

Dividends are recognised when the right to receive payment is established.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

1.6 Gains

Other Resources Received Free of Charge

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition, or for nominal consideration, are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Australian Government agency or authority as a consequence of a restructuring of administrative arrangements.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated that are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting.

The leave liabilities are calculated on the basis of employees' remuneration, including the Department's employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by using the Department of Finance and Deregulation's Short Hand Method as at 30 June 2010, as outlined in the FMOs. The estimate of the present value of the liability takes into account expected attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

The Department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. Once acceptance of the termination has been received, the Department recognises a liability under Other Payables.

Superannuation

Staff of the Department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes of the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the Financial Statements of the aggregate Australian Government and is settled by the Australian Government in due course. This aggregate liability is reported by the Department of Finance and Deregulation as an Administered item.

The Department makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Australian Government of the superannuation entitlements of the Department's employees. The Department accounts for the contributions as if they were contributions to defined contribution plans.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all of the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract. A liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis representative of the pattern of benefits derived from the leased assets.

Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

1.10 Cash

Cash and cash equivalents includes cash on hand, cash held with outsiders, and demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.11 Financial Assets

The Department classifies financial assets as 'cash and cash equivalents', as outlined above, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Financial assets are recognised and derecognised upon 'trade date'.

Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

1.12 Financial Liabilities

The Department's financial liabilities are classified as 'other financial liabilities'.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and Other Payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Grants and Subsidies Payable

Grants and subsidies made by the Department are recognised as liabilities and expenses only at the time that the recipient is expected to meet all obligations and conditions required in the grant or subsidy agreement.

Financial liabilities are recognised and derecognised upon 'trade date'.

1.13 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.14 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor Agency's accounts immediately prior to the restructuring.

1.15 Infrastructure, Plant and Equipment

Asset Recognition Threshold

Purchases of infrastructure, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a related group that is significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the Department where an obligation exists to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'restoration obligation' recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class	Fair value measured at:
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price or depreciated replacement cost

Following initial recognition at cost, infrastructure, plant and equipment are carried at fair value, less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the asset's fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Statement of Comprehensive Income. Revaluation decrements for a class of assets are recognised directly through the Statement of Comprehensive Income, except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

In 2009-10, an independent valuer conducted the revaluation of departmental assets as at 30 June 2010. Assets purchased during 2009-10 were excluded from the asset revaluation as they represent fair value.

Depreciation

Depreciable infrastructure, plant and equipment are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2010	2009
Buildings		
• Buildings	25 years	25 years
• Leasehold improvements	Lower of 10 years or term of lease	Lower of 10 years or term of lease
Infrastructure, Plant and Equipment		
• Computer equipment	3 to 5 years	3 to 5 years
• Plant, office equipment, furniture & fittings	5 to 10 years	5 to 10 years
• Infrastructure	25 years	N/A

Impairment

All assets were assessed for impairment at 30 June 2010. Where indications of impairment exist, the asset's recoverable amount was estimated and an impairment adjustment made if the asset's recoverable amount was less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.16 Intangibles

The Department's intangibles comprise software externally purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life.

The useful lives of the Department's software are:

	2010	2009
• Externally purchased software	3 to 5 years	3 to 5 years
• Internally developed software	3 to 5 years	3 to 5 years

All software assets were assessed for indications of impairment as at 30 June 2010.

1.17 Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.18 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, Administered items are accounted for on the same basis and using the same policies as for Departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the Department for use by the Australian Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary Appropriation on behalf of the Australian Government. These transfers to and from the OPA are adjustments to the Administered cash held by the Department on behalf of the Australian Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 18.

Revenue

All Administered revenues are revenues relating to the course of ordinary activities performed by the Department on behalf of the Australian Government.

Financial Assets

The Department classifies its financial assets in the following categories:

- financial assets as 'at fair value through profit or loss';
- 'held-to-maturity investments';
- 'available-for-sale' financial assets; and
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon 'trade date'.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the Department manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Australian Government has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through surplus and deficit.

Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held-to-maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Schedule of Administered Income.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the whole-of-government level.

Administered investments other than those held for sale are classified as 'available for sale' and are measured at their fair value as at 30 June 2010. Apart from the Australian Postal Corporation, fair value has been taken to be the net assets of the entities as at balance date.

As of 1 July 2010, the Department changed its estimation basis for the measurement of the administered investment in the Australian Postal Corporation from using a net asset valuation technique to a discounted cash flow valuation (DCF) method. The corresponding prior year comparatives remain on a net asset valuation technique.

The following outlines the movement from a net asset valuation to a discounted cash flow valuation as at 30 June 2010:

	30 June 2010 \$'000
Assets Administered on behalf of Government	
Australian Postal Corporation – Net Assets	2,108,900
Increase / (Decrease)	95,600
Australian Postal Corporation – Discounted Cash Flow	2,204,500

Administered investments are disclosed at notes 16C, 21 and 22.

For those assets where there is an active market, fair value is taken to be the quoted selling price as at the close of business at balance date.

Grants and Subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Australian Government.

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant/subsidy eligibility criteria have been satisfied, but no payments due have been made. A grant commitment is recorded when the Australian Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

Payments to Commonwealth Authorities and Companies

Payments to CAC Act entities from amounts appropriated for that purpose are classified as either Administered expenses, loans or an increase to the Administered Investment of the Department. The Department makes payments to both the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service Corporation (SBS). The appropriation to the Department is disclosed in Tables A and B in Note 23.

On 1 June 2009, the Australian Government entered into a five year, fixed rate loan agreement for \$15 million with SBS to offset the cash flow impact of advance payments required to purchase sporting events rights and to fund infrastructure works related to digital broadcasting. The loan is disclosed in Note 16B with further disclosure in financial instruments Note 22.

Regional Backbone Blackspots Program

As part of the Australian Government's commitment to deliver a National Broadband Network that will provide superfast broadband to Australian homes and workplaces, it is investing up to \$250 million in the form of infrastructure to address backbone blackspots throughout regional Australia. Funding for the infrastructure is provided from the BAF Communications Portfolio Special Account via the Building Australia Fund. The infrastructure asset is disclosed in Note 16D and 16E.

As at 30 June 2010, the Department held in its custody one performance guarantee as bond on behalf of the contractor building the regional backbone blackspots infrastructure.

Note 2: Events after the Reporting Period

There are no events that occurred after reporting date that would materially affect the Departmental or Administered Financial Statements.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2010

	2010 \$'000	2009 \$'000
NOTE 3: Expenses		
<u>Note 3A: Employee Benefits</u>		
Wages and salaries	51,155	46,653
Superannuation:		
Defined contribution plans	10,560	9,038
Leave and other entitlements	5,890	6,390
Separation and redundancies	990	772
Performance pay	1,495	1,222
Other employee expenses	2,764	2,043
Total employee benefits	72,854	66,118
<u>Note 3B: Supplier Expenses</u>		
Goods and services		
Consultants and contractors	39,847	18,605
Computing and communications	9,151	6,251
Office requisites	1,806	1,756
Property	1,316	1,711
Training and travel	4,686	3,615
Other goods and services	5,612	3,573
Total goods and services	62,418	35,511
Goods and services are made up of:		
Provision of goods - related entities	243	222
Provision of goods - external parties	4,085	3,726
Rendering of services - related entities	2,388	2,520
Rendering of services - external parties	55,702	29,043
Total goods and services	62,418	35,511
Other supplier expenses		
Operating lease rentals - external parties:		
Minimum lease payments	7,426	5,806
Contingent rentals	932	860
Workers compensation expenses	285	356
Total other supplier expenses	8,643	7,022
Total supplier expenses	71,061	42,533

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2010

	2010 \$'000	2009 \$'000
NOTE 3: Expenses (continued)		
<u>Note 3C: Grants</u>		
Public sector:		
State and Territory Governments	18	-
Local Government	4	-
Private sector:		
Non-profit organisations	10	10
Commercial entities	26	-
Total grants	58	10
<u>Note 3D: Depreciation and Amortisation</u>		
Depreciation:		
Infrastructure, plant and equipment	2,171	2,188
Buildings	3,027	3,266
Total depreciation	5,198	5,454
Amortisation:		
Intangibles: computer software - purchased	223	264
Intangibles: computer software - internally developed	389	144
Total amortisation	612	408
Total depreciation and amortisation	5,810	5,862
<u>Note 3E: Finance Costs</u>		
Unwinding of discount	81	247
Total finance costs	81	247
<u>Note 3F: Write-Down and Impairment of Assets</u>		
Asset write-downs and impairments from:		
Impairment on financial instruments (receivables)	2	1
Impairment of land and buildings	469	-
Impairment of intangibles	459	-
Impairment of infrastructure, plant and equipment	65	57
Revaluation decrement - infrastructure, plant and equipment	-	200
Total write-down and impairment of assets	995	258
<u>Note 3G: Sale of Assets</u>		
Infrastructure, plant and equipment:		
Proceeds from sale	(12)	-
Carrying value of assets sold	25	-
Net loss from sale of assets	13	-
<u>Note 3H: Other Expenses</u>		
Other	12	3
Total other expenses	12	3

Department of Broadband, Communications and the Digital Economy
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for the period ended 30 June 2010

	2010	2009
	\$'000	\$'000
NOTE 4: Income		
REVENUE		
<u>Note 4A: Sale of Goods and Rendering of Services</u>		
Rendering of services - related entities	803	135
Rendering of services - external parties	-	158
Total sale of goods and rendering of services	803	293
<u>Note 4B: Rental Income</u>		
Operating lease:		
Rental revenue	914	917
Contingent rental	93	63
Total rental income	1,007	980
<u>Note 4C: Other Revenue</u>		
Freedom of information requests	5	3
Damages awarded from legal proceedings	-	200
Software licence fees	-	15
Promotional revenue from Digital Switchover TV Conference	-	12
Refunds from vehicle lease costs	7	15
Refunds from previous year payments	6	-
Other revenue	220	3
Total other revenue	238	248

Department of Broadband, Communications and the Digital Economy
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	2010	2009
	\$'000	\$'000
NOTE 4: Income (continued)		
GAINS		
<u>Note 4D: Reversals of Previous Asset Write-Downs</u>		
Asset revaluation increment	276	-
Total reversals of previous asset write-downs	276	-
<u>Note 4E: Other Gains</u>		
Resources received free of charge	400	462
Other	82	3
Total other gains	482	465
REVENUE FROM GOVERNMENT		
<u>Note 4F: Revenue from Government</u>		
Appropriations:		
Departmental outputs	153,798	117,075
Total revenue from Government	153,798	117,075

Department of Broadband, Communications and the Digital Economy
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	2010	2009
	\$'000	\$'000
NOTE 5: Financial Assets		
<u>Note 5A: Cash and Cash Equivalents</u>		
Cash on hand or on deposit	546	2,172
Total cash and cash equivalents	546	2,172
<u>Note 5B: Trade and Other Receivables</u>		
Goods and Services:		
Goods and services - related entities	103	163
Goods and services - external parties	199	20
Total receivables for goods and services	302	183
Appropriations receivable:		
For existing outputs	76,371	81,458
For additional outputs	-	1,851
Total appropriations receivable	76,371	83,309
Other receivables:		
GST receivable from the Australian Taxation Office	1,958	755
Other:		
- employees	20	15
- related entities ¹	306	69
- other	300	-
Total other receivables	2,584	839
Total trade and other receivables (gross)	79,257	84,331
Total trade and other receivables (net)	79,257	84,331
Receivables are aged as follows:		
Not overdue	79,039	84,225
Overdue by:		
0 to 30 days	196	24
31 to 60 days	4	57
61 to 90 days	17	10
More than 90 days	1	15
Total receivables (gross)	79,257	84,331

¹ Receivables from related entities relate to the transfer of employee provisions
All receivables recognised are a current asset.

NOTE 5: Financial Assets (continued)

Note 5B: Trade and Other Receivables (continued)

**Reconciliation of the Impairment Allowance Account:
Movements in relation to 2010**

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	-	-	-
Amounts written off	(2)	-	(2)
Amounts recovered and reversed	-	-	-
Increase/(decrease) recognised in net cost of services	-	-	-
Closing balance	(2)	-	(2)

Movements in relation to 2009

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	3	-	3
Amounts written off	(3)	-	(3)
Amounts recovered and reversed	-	-	-
Increase/(decrease) recognised in net cost of services	-	-	-
Closing balance	-	-	-

Note 5C: Accrued Revenue

Goods and services

Total accrued revenue

Accrued revenues are expected to be recovered in:

Less than 12 months

Total accrued revenue

2010	2009
\$'000	\$'000
229	-
229	-
229	-
229	-

Department of Broadband, Communications and the Digital Economy
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	2010	2009
	\$'000	\$'000
NOTE 6: Non-Financial Assets		
<u>Note 6A: Land and Buildings</u>		
Leasehold improvements:		
Fair value	7,420	6,061
Accumulated depreciation	-	(1)
Work in progress	1,167	184
Total leasehold improvements	8,587	6,244
Total land and buildings	8,587	6,244

All revaluations are conducted in accordance with the revaluation policy stated in Note 1. In 2009-10, an independent valuer conducted the revaluations as at 30 June 2010.

Revaluation increments of \$1,271,506 for leasehold improvements (2009: \$671,153 decrements) were debited to the asset revaluation reserve and included in the equity section of the balance sheet; no increments/decrements were expensed (2009: nil).

As at 30 June 2010, no indicators of impairment were found for land and buildings.

Note 6B: Infrastructure, Plant and Equipment

Infrastructure, plant and equipment:		
Fair value	3,394	4,437
Accumulated depreciation	(66)	(17)
Work in progress	16	522
Total infrastructure, plant and equipment	3,344	4,942

All revaluations are conducted in accordance with the revaluation policy stated in Note 1. In 2009-10, an independent valuer conducted the revaluations as at 30 June 2010.

Revaluation increments for infrastructure, plant and equipment of \$257,777 (2009: nil) were credited to the asset revaluation reserve and included in the equity section of the balance sheet. Revaluation increments of \$275,950 were recognised as gains in the Statement of Comprehensive Income as the increase reversed a portion of a previous decrease recognised as an expense (2009: \$199,914 was recognised as an expense in the Statement of Comprehensive Income).

Assets purchased during 2009-10 were excluded from the asset revaluation because they represent fair value. Depreciation associated with these assets was recorded for the year. The net book value of these assets as at 30 June 2010 was \$512,106.

As at 30 June 2010 no indicators of impairment were found for infrastructure, plant and equipment.

NOTE 6: Non-Financial Assets

Note 6C: Reconciliation of the Opening and Closing Balances of Infrastructure, Plant and Equipment (2009-10)

	Land and Buildings \$'000	Infrastructure, Plant and Equipment \$'000	Total \$'000
As at 1 July 2009			
Gross book value	6,245	4,959	11,204
Accumulated depreciation and impairment	(1)	(17)	(18)
Net book value 1 July 2009	6,244	4,942	11,186
Additions:			
By purchase	4,491	1,222	5,713
Revaluations and impairments recognised in other comprehensive income	1,273	258	1,531
Revaluations recognised in the operating result	-	276	276
Impairments recognised in the operating result	(469)	(65)	(534)
Reclassifications	116	(1,093)	(977)
Depreciation expense	(3,027)	(2,171)	(5,198)
Disposals:			
By sale	-	(25)	(25)
Other disposals ¹	(41)	-	(41)
Net book value 30 June 2010	8,587	3,344	11,931
Net book value as of 30 June 2010 represented by:			
Gross book value	8,587	3,410	11,997
Accumulated depreciation	-	(66)	(66)
	8,587	3,344	11,931

¹ \$40,763 from the restoration asset was offset against the restoration obligation provision for the Burns Centre.

NOTE 6: Non-Financial Assets

NOTE 6C (Cont'd): Reconciliation of the Opening and Closing Balances of Infrastructure, Plant and Equipment (2008-09)

	Land and Buildings \$'000	Infrastructure, Plant and Equipment \$'000	Total \$'000
As at 1 July 2008			
Gross book value	11,490	9,222	20,712
Accumulated depreciation and impairment	(1,487)	(3,992)	(5,479)
Net book value 1 July 2008	10,003	5,230	15,233
Additions:			
By purchase	755	2,214	2,969
Revaluations and impairments recognised in other comprehensive income	(671)	-	(671)
Revaluations recognised in the operating result	-	(200)	(200)
Impairments recognised in the operating result	-	(57)	(57)
Reversal of impairments recognised in the operating result	-	-	-
Reclassifications	57	(57)	-
Depreciation/amortisation expense	(3,266)	(2,188)	(5,454)
Other movements ¹	(634)	-	(634)
Net book value 30 June 2009	6,244	4,942	11,186
Net book value as of 30 June 2009 represented by:			
Gross book value	6,245	4,959	11,204
Accumulated depreciation	(1)	(17)	(18)
	6,244	4,942	11,186

¹ This movement relates to partial retirement of the provision for restoration obligation for 28 National Circuit Canberra office accommodation (Burns Centre).

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	2010	2009
	\$'000	\$'000
NOTE 6: Non-Financial Assets (continued)		
<u>Note 6D: Intangibles</u>		
Computer software at cost:		
Purchased	2,158	2,855
Internally developed - in progress	4,715	574
Internally developed - in use	2,017	745
Total computer software (gross)	8,890	4,174
Accumulated amortisation	(2,143)	(2,446)
Total intangibles (net)	6,747	1,728

As at 30 June 2010, no indicators of impairment were found for intangible assets.

NOTE 6: Non-Financial Assets (continued)

Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles (2009-10)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2009			
Gross book value	1,319	2,855	4,174
Accumulated amortisation and impairment	(210)	(2,236)	(2,446)
Net book value 1 July 2009	1,109	619	1,728
Additions:			
By purchase	4,885	228	5,113
Impairments recognised in the operating result	(459)	-	(459)
Reclassifications	979	(2)	977
Amortisation	(389)	(223)	(612)
Other movements	-	-	-
Net book value 30 June 2010	6,125	622	6,747
Net book value as of 30 June 2010 represented by:			
Gross book value	6,732	2,158	8,890
Accumulated amortisation and impairment	(607)	(1,536)	(2,143)
	6,125	622	6,747

NOTE 6: Non-Financial Assets (continued)

Note 6E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles (2008-09)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2008			
Gross book value	942	2,370	3,312
Accumulated amortisation and impairment	(66)	(1,972)	(2,038)
Net book value 1 July 2008	876	398	1,274
Additions:			
By purchase	377	485	862
Amortisation	(144)	(264)	(408)
Net book value 30 June 2009	1,109	619	1,728
Net book value as of 30 June 2009 represented by:			
Gross book value	1,319	2,855	4,174
Accumulated amortisation	(210)	(2,236)	(2,446)
	1,109	619	1,728

Department of Broadband, Communications and the Digital Economy
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	2010	2009
	\$'000	\$'000
NOTE 6: Non-Financial Assets (continued)		
<u>Note 6F: Other Non-Financial Assets</u>		
Prepayments	142	397
Lease incentive asset	671	-
Total other non-financial assets	813	397

No indicators of impairment were found for other non-financial assets.

All other non-financial assets are recognised as current assets.

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	2010 \$'000	2009 \$'000
NOTE 7: Payables		
<u>Note 7A: Suppliers</u>		
Trade creditors and accruals	12,997	6,401
Operating lease rentals	287	149
Total supplier payables	13,284	6,550
Supplier payables expected to be settled within 12 months:		
Related entities	589	473
External parties	12,463	6,077
Total	13,052	6,550
Supplier payables expected to be settled in greater than 12 months:		
External parties	232	-
Total	232	-
Total supplier payables	13,284	6,550
Settlement is usually made within 30 days.		
<u>Note 7B: Lease Incentives</u>		
Lease incentives	915	138
Total lease incentives	915	138
Total lease incentives are expected to be settled in:		
Less than 12 months	304	57
More than 12 months	611	81
Total lease incentives	915	138
<u>Note 7C: Other Payables</u>		
Salaries and wages	1,656	760
Superannuation	208	137
Separations and redundancies	727	629
Payables - related entities ¹	357	145
Other payables	142	132
Total other payables	3,090	1,803

¹Payables from related entities relate to the the transfer of employee provisions.

All other payables are current liabilities.

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	2010	2009
	\$'000	\$'000
NOTE 8: Provisions		
<u>Note 8A: Employee Provisions</u>		
Leave	17,501	16,449
Total employee provisions	17,501	16,449
Employee provisions are expected to be settled in:		
Less than 12 months	6,561	5,889
More than 12 months	10,940	10,560
Total employee provisions	17,501	16,449
<u>Note 8B: Other Provisions</u>		
Provision for restoration obligations	1,479	1,831
Other provisions	2,286	-
Total other provisions	3,765	1,831
Other provisions are expected to be settled in:		
Less than 12 months	2,286	-
More than 12 months	1,479	1,831
Total other provisions	3,765	1,831

	Other Provisions	Provision for restoration	Total
	\$'000	\$'000	\$'000
Carrying amount 1 July 2009	-	1,831	1,831
Additional provisions made	2,286	175	2,461
Amounts used	-	(163)	(163)
Amounts reversed	-	(445)	(445)
Unwinding of discount or change in discount rate	-	81	81
Closing balance 2010	2,286	1,479	3,765

The Department currently has six (2009: five) agreements for the leasing of premises that have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease.

In 2009-10, the Department entered into two new leasing agreements for 44 Sydney Ave, Canberra, and St Martins Tower, Sydney, which required additional provisions for restoration. In June 2010, the Department vacated the Burns Centre and incurred costs in relation to the restoration of the premises.

The decrease in the restoration obligation represents the reversal of the unused provision for the Burns Centre (\$0.123m) and a change in value of the restoration obligation based on an independent valuer valuing the cost to restore as at 30 June 2010 as \$130/m² (2009:\$150/m²).

Following the termination of its agreement with OPEL Network Pty Ltd (OPEL) under the Broadband Connect program, the Department has made provision towards costs incurred by OPEL in producing its implementation plan.

Department of Broadband, Communications and the Digital Economy
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	2010	2009
	\$'000	\$'000
Note 9: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	546	2,172
Balance sheet	546	2,172
Difference	-	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(148,078)	(113,045)
Add revenue from Government	153,798	117,075
Adjustments for non-cash items		
Depreciation / amortisation	5,810	5,862
Net write-down of non-financial assets	735	257
Gain/(loss) on disposal of assets	13	-
Other non-cash items	-	2
Other non-cash revenues	(758)	(462)
Other non-cash expenses	482	462
Return of Appropriations	(20,924)	-
Changes in assets/liabilities		
(Increase) / decrease in net receivables	5,519	(10,452)
(Increase) / decrease in accrued revenue	(229)	67
(Increase) / decrease in other non-financial assets	(415)	33
Increase in employee provisions	1,052	1,980
Increase in supplier payables	3,912	57
Decrease in lease incentives	(776)	(41)
Increase in other provisions	2,072	291
Increase in other payables	1,284	589
Net cash from operating activities	3,497	2,675

NOTE 10: Contingent Liabilities and Assets

Quantifiable Contingencies

There are no quantifiable contingencies as at 30 June 2010 (2009:Nil).

Unquantifiable Contingencies

There are no unquantifiable contingencies as at 30 June 2010 (2009:Nil).

Significant Remote Contingencies

Operating Leases and Car Parking Licences

The Commonwealth indemnifies third parties against loss in relation to operating leases for accommodation, storage and some car parking. The Commonwealth also indemnifies some third parties against loss in relation to car parking facilities acquired under car parking licence agreements. As at 30 June 2010, no claims have been made.

PSMA Licence Agreement Indemnities

In 2008-09 the Commonwealth reported an indemnity, capped at \$2.5 million, provided to PSMA Australia Limited (ABN 23 089 912 710) for a number of circumstances, set out in two different clauses in a Licence Agreement (in respect of intellectual property infringements and then generally). The Licence allowed the Commonwealth to use data sets in relation to the National Broadband Network Project. This agreement expired on 30 September 2009, and a new agreement has been entered into with no indemnity provided to PSMA. As at 30 June 2010, no claims were made against the previous agreement.

National Broadband Network Panel of Experts and Strategic Adviser

The Commonwealth provided indemnities to the non-Commonwealth members of the National Broadband Network (NBN) Panel of Experts and the Strategic Adviser to the NBN Request for Proposal process (RFP), to protect them against civil claims that may arise in the course of performing their duties. The NBN RFP process was terminated on 7 April 2009 and the work of the panel and the Strategic Adviser has concluded. As at 30 June 2010, no claims have been made.

Westpac Banking Corporation

The Commonwealth indemnifies Westpac Banking Corporation against loss reasonably incurred in relation to Departmental banking functions. On 2 June 2010, the Department entered into a new banking contract with Westpac which provided for an indemnity capped at \$50 million per occurrence. The previous contract provided for an indemnity capped at \$25 million per occurrence. As at 30 June 2010, no claims have been made.

NOTE 11: Senior Executive Remuneration

NOTE 11A: Actual Remuneration Paid to Senior Executives

	2010	2009
The number of Senior Executives who received:		
less than \$145,000*	1	-
\$145,000 to \$159,999	4	1
\$160,000 to \$174,999	1	1
\$175,000 to \$189,999	1	3
\$190,000 to \$204,999	-	9
\$205,000 to \$219,999	7	7
\$220,000 to \$234,999	9	2
\$235,000 to \$249,999	1	3
\$250,000 to \$264,999	2	2
\$265,000 to \$279,999	2	1
\$280,000 to \$294,999	4	1
\$295,000 to \$309,999	3	-
\$310,000 to \$324,999	1	1
\$325,000 to \$339,999	1	2
\$340,000 to \$354,999	-	1
\$355,000 to \$369,999	2	-
\$520,000 to \$534,999	-	1
\$615,000 to \$629,999 ¹	1	-
Total	40	35

* Senior Executive's with acting arrangements or part year service are excluded where remuneration is less than \$145,000.

¹This figure includes \$145,065 worth of leave liabilities that the Commonwealth recognised as an expense on the employee's commencement.

For the purpose of this note disclosure remuneration includes:

- a) Salary (including payment for leave taken)
- b) Movement in annual and long service leave provisions
- c) Superannuation (post-employment benefits)
- d) Motor vehicle and other allowances
- e) Performance pay
- f) Reportable fringe benefits

Total expense recognised in relation to Senior Executive employment

	\$	\$
Short term employee benefits:		
Salary (including annual leave taken)	6,439,710	5,619,007
Changes in annual leave provisions	618,842	423,655
Performance bonus	396,905	276,768
Other ¹	824,341	533,090
Total Short-term employee benefits	8,279,798	6,852,520
Superannuation (post-employment benefits)	1,270,219	1,152,383
Other long-term benefits	349,784	191,553
Total	9,899,801	8,196,456

During the year the Department paid no termination benefits to Senior Executives (2009: Nil).

¹ Includes motor vehicle, other allowances and reportable fringe benefits.

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NOTE 11: Senior Executive Remuneration (continued)

NOTE 11B: Salary Packages for Senior Executives

Average annualised remuneration packages for substantive Senior Executives

	As at 30 June 2010			As at 30 June 2009		
	No. SES	Base salary	Total remuneration package	No. SES	Base salary	Total remuneration package
less than \$145,000	1	92 891	130 541	1	79 769	112 611
\$160,000 to \$174,999	-	-	-	1	120,000	164,080
\$175,000 to \$189,999	1	137,152	180,962	10	136,241	181,447
\$190,000 to \$204,999	13	141,716	198,215	12	139,692	196,205
\$205,000 to \$219,999	9	149,293	210,564	1	148,165	209,189
\$220,000 to \$234,999	2	152,705	226,213	1	170,000	230,779
\$235,000 to \$249,999	1	185,000	241,181	6	175,544	241,840
\$250,000 to \$264,999	5	181,024	259,239	2	182,827	258,712
\$265,000 to \$279,999	1	185,000	271,715	-	-	-
\$280,000 to \$294,999	1	198,280	280,385	1	220 000	291 864
\$310,000 to \$324,999	2	225,088	315,173	3	213,432	305,585
\$325,000 to \$339,999	2	234,829	327,037	-	-	-
\$460,000 to \$474,999	-	-	-	1	400 767	470 069
\$505,000 to \$519,999	1	411,417	505,200	-	-	-
Total	39			39		

Excluding acting arrangements and part-year service where the Senior Executive was not employed by the Department as at 30 June.

The total remuneration package includes:

- (a) Agreed base salary
- (b) Motor vehicle and other allowances
- (c) Superannuation (post employment benefits)
- (d) Performance Pay

Long service leave is excluded as entitlement is not certain until 10 years of service is reached.

Major differences between Note 11A and 11B

Note 11A discloses Senior Executive remuneration based upon:

- a) Salary (including payment for leave taken)
- b) Movement in annual and long service leave provisions
- c) Superannuation (post-employment benefits)
- d) Motor vehicle and other allowances
- e) Performance pay
- f) Reportable fringe benefits

These amounts may differ to the remuneration package disclosed in Note 11B depending upon: the amount of leave taken during the year; periods of leave without pay; changes to base salary; salary for superannuation purposes and allowances during the year; and revaluations of employee provisions.

NOTE 12: Remuneration of Auditors

	\$'000	\$'000
Financial statement audit services were provided free of charge to the Department.		
The fair value of the services provided was:	400	462
	400	462
No other services were provided by the Auditor-General.		

Department of Broadband, Communications and the Digital Economy
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	2010	2009
	\$'000	\$'000
NOTE 13: Financial Instruments		
<u>NOTE 13A: Categories of Financial Instruments</u>		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	546	2,172
Receivables - good and services (net)	302	183
Receivables - employees	20	15
Receivables - related entities ¹	306	69
Receivables - other	300	-
Carrying amount of financial assets	<u>1,474</u>	<u>2,439</u>
Financial Liabilities		
At amortised cost:		
Payables - goods and services	12,997	6,401
Payables - related entities ¹	357	146
Payables - others	77	86
Carrying amount of financial liabilities	<u>13,431</u>	<u>6,633</u>
¹ Receivables and payables from/to related entities relate to the transfer of employee provisions.		
<u>NOTE 13B: Net Income and Expense from Financial Assets</u>		
Loans and receivables		
Impairment	<u>2</u>	<u>1</u>
Net loss from financial assets	<u>(2)</u>	<u>(1)</u>

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NOTE 13C: Fair Value of Financial Instruments

	Carrying amount 2010 \$'000	Fair value 2010 \$'000	Carrying amount 2009 \$'000	Fair value 2009 \$'000
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	546	546	2,172	2,172
Receivables - good and services (net)	302	302	183	183
Receivables - employees	20	20	15	15
Receivables - related entities ¹	306	306	69	69
Receivables - other	300	300	-	-
Total	1,474	1,474	2,439	2,439
Financial Liabilities				
At amortised cost:				
Payables - goods and services	12,997	12,997	6,401	6,401
Payables - related entities ¹	357	357	146	146
Payables - others	77	77	86	86
Total	13,431	13,431	6,633	6,633

¹ Receivables and payables from/to related entities relate to the transfer of employee provisions.

Department of Broadband, Communications and the Digital Economy
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NOTE 13D: Credit Risk

The Department is exposed to minimal credit risk as loans and receivables are cash and receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of receivables less impairment losses recognised (2010: \$928,000 and 2009: \$267,000). The Department has assessed the risk of the default on payment and has not allocated any amount in 2010 (2009:nil) to impairment allowance.

The Department manages its credit risk by undertaking background and credit checks prior to entering a debtor relationship. In addition, the Department has policies and procedures that guide debt recovery activities.

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2010 \$'000	Not Past Due Nor Impaired 2009 \$'000	Past Due or Impaired 2010 \$'000	Past Due or Impaired 2009 \$'000
Loans and receivables				
Cash and cash equivalents	546	2,172	-	-
Receivables - good and services	105	151	197	32
Receivables - employees	3	4	17	11
Receivables - related entities	302	6	4	63
Receivables - other	300	-	-	-
Total	1,256	2,333	218	106

Included in the Department's receivables balance are debtors with a carrying amount of \$219,000 (2009: \$106,000) that are past due at the reporting date for which the Department has not provided. Based on experience, the Department considers that the amounts are still recoverable.

Ageing of financial assets that are past due but not impaired for 2010

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Receivables - good and services	196	-	-	1	197
Receivables - employees	-	-	17	-	17
Receivables - related entities	-	4	-	-	4
Total	196	4	17	1	218

Ageing of financial assets that were past due but not impaired for 2009

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Receivables - good and services	23	4	-	5	32
Receivables - employees	1	-	-	10	11
Receivables - related entities	-	53	10	-	63
Total	24	57	10	15	106

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NOTE 13E: Liquidity Risk

The Department's financial liabilities consist of payables. The exposure to liquidity risk is based on the notion that the Department may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding mechanisms.

Maturities for non-derivative financial liabilities 2010

	On Demand \$'000	Within 1 Year \$'000	1 to 5 Years \$'000	> 5 Years \$'000	Total \$'000
At amortised cost					
Payables - goods and services	-	12,997	-	-	12,997
Payables - related entities ¹	-	357	-	-	357
Payables - others	-	77	-	-	77
Total	-	13,431	-	-	13,431

Maturities for non-derivative financial liabilities 2009

	On Demand \$'000	Within 1 Year \$'000	1 to 5 Years \$'000	> 5 Years \$'000	Total \$'000
At amortised cost					
Payables - goods and services	-	6,401	-	-	6,401
Payables - related entities ¹	-	146	-	-	146
Payables - others	-	86	-	-	86
Total	-	6,633	-	-	6,633

The Department has no derivative financial liabilities in both the current and prior year.

¹ Payables from/to related entities relate to the transfer of employee provisions.

The Department is appropriated funding from the Australian Government. The Department manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Department has policies in place to ensure timely payments are made when due and has no experience of default.

NOTE 13F: Market Risk

The Department holds basic financial instruments that do not expose it to certain market risks. The Department is not exposed to 'currency risk' or 'other price risk'.

NOTE 13G: Interest Rate Risk

The Department does not have any interest-bearing items on the balance sheet. Therefore, the Department is not exposed to 'interest rate risk'.

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	2010 \$'000	2009 \$'000
NOTE 14: Income Administered on Behalf of Government		
REVENUE		
Non-Taxation Revenue		
<u>Note 14A: Interest</u>		
Term deposits and marketable securities	-	86,343
Loan interest	633	51
Other interest	-	1
Total interest	633	86,395
<u>Note 14B: Dividends</u>		
Australia Post dividends	171,900	427,800
Total dividends	171,900	427,800
<u>Note 14C: Other Revenue</u>		
Grant refunds	181	186
Subsidy refunds	794	131
Other revenue	30	32
Total other revenue	1,005	349
GAINS		
<u>Note 14D: Other Gains</u>		
Gains from remeasuring financial instruments held at fair value through profit and loss	-	1,018
Total other gains	-	1,018

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	2010 \$'000	2009 \$'000
NOTE 15: Expenses Administered on Behalf of Government		
EXPENSES		
Note 15A: Suppliers		
Goods and services		
Advertising and marketing	23,120	6,931
Committee expenses	-	26
Computing and communications	326	59
Consultants and contractors	6,300	4,384
Office requisites	312	277
Other goods and services	168	160
Total goods and services	30,226	11,837
Goods and services are made up of:		
Rendering of services - related entities	183	234
Rendering of services - external parties	30,043	11,603
Total goods and services	30,226	11,837
Total suppliers	30,226	11,837
Note 15B: Subsidies		
Payable to external parties:		
Connect Australia - Mobile Connect	-	652
Australian Broadband Guarantee	77,816	84,164
Regional Telecommunications Review Response	1,063	-
Digital Switchover Television	375	-
Total subsidies	79,254	84,816
Note 15C: Grants		
Public Sector:		
Australian Government entities (related entities)	492	2
State and Territory Governments	10,524	22,206
Local Governments	569	1,847
Private Sector:		
Non-profit organisations	47,566	42,858
Commercial entities	15,069	16,157
Total grants	74,220	83,070
Note 15D: Write-Down and Impairment of Assets		
Asset write-downs and impairments from:		
Impairment of financial instruments (receivables) *	7	18
Total write-down and impairment of assets	7	18
* for full disclosure on the impairment on financial instruments see Note 22		
Note 15E: Payments to CAC Act Bodies		
Payments to Australian Broadcasting Corporation	914,503	858,411
Payments to Special Broadcasting Service Corporation	206,981	191,459
Total payments to CAC Act Bodies	1,121,484	1,049,870
Note 15F: Other Expenses		
International membership fees	6,140	5 720
Losses from remeasuring financial instruments held at fair value through profit and loss	-	217
Total other expenses	6,140	5,937

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	2010 \$'000	2009 \$'000
NOTE 16: Assets Administered on Behalf of Government		
FINANCIAL ASSETS		
<u>Note 16A: Cash and Cash Equivalents</u>		
Cash on hand or on deposit	-	8,440
Total cash and cash equivalents	-	8,440
<u>Note 16B: Receivables</u>		
Advances and loans:		
Loans made to CAC Act entities	1.18 12,041	15,051
Total advances and loans	12,041	15,051
Other receivables:		
GST receivable from Australian Taxation Office	3,430	3,668
Grants refunds receivable	-	52
Subsidy refunds receivable	9	164
Other receivables	-	3
Total other receivables	3,439	3,887
Total receivables (gross)	15,480	18,938
Less: impairment allowance account:		
Other receivables	(7)	(140)
Total impairment allowance account	(7)	(140)
Receivables are expected to be recovered in:		
Less than 12 months	6,473	7,391
More than 12 months	9,000	11,407
Total receivables (net)	15,473	18,798
Receivables were aged as follows:		
Not overdue	15,471	18,772
Overdue by:		
0 to 30 days	2	21
31 to 60 days	-	3
61 to 90 days	-	2
More than 90 days	7	140
Total receivables (gross)	15,480	18,938
The impairment allowance account is aged as follows:		
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(7)	(140)
Total impairment allowance account	(7)	(140)

Goods and services receivables are with entities external to the Australian Government. Credit terms are net 30 days (2009: 30 days).

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Note 16B: Receivables (continued)

**Reconciliation of the Impairment Allowance Account:
Movements in relation to 2010**

	Other receivables \$'000	Total \$'000
Opening balance	140	140
Amounts written off	(131)	(131)
Amounts recovered and reversed	(9)	(9)
Increase recognised in Administered expenses	7	7
Closing balance	7	7

Movements in relation to 2009

Opening balance	171	171
Amounts written off	(7)	(7)
Amounts recovered and reversed	(55)	(55)
Increase recognised in Administered expenses	31	31
Closing balance	140	140

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		2010	2009
		\$'000	\$'000
NOTE 16: Assets Administered on Behalf of Government (continued)			
<u>Note 16C: Other Investments</u>			
Commonwealth authorities:			
Australian Broadcasting Corporation ¹	21A	976,774	946,091
Australian Postal Corporation ²	21B	2,204,500	-
Australian Postal Corporation ¹	21B	-	2,495,500
Special Broadcasting Service Corporation ¹	21C	164,526	158,735
		3,345,800	3,600,326
Commonwealth companies:			
NBN Co Limited ³	21D	232,191	9,865
		232,191	9,865
Total other investments		3,577,991	3,610,191

¹ Administered investments valuation is based on the audited net asset balance.

² Administered investment valuation is based on the discounted cash flow valuation.

³ Administered investment valuation is based on the unaudited net asset balance.

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	2010	2009
	\$'000	\$'000
NOTE 16: Assets Administered on Behalf of Government (continued)		
NON-FINANCIAL ASSETS		
<u>Note 16D: Infrastructure, Plant and Equipment</u>		
Infrastructure, plant and equipment		
- fair value	-	-
- accumulated depreciation	-	-
- work in progress	1.18 44,493	-
Total infrastructure, plant and equipment	44,493	-

NOTE 16: Assets Administered on Behalf of Government (continued)

Note 16E: Reconciliation of the Opening and Closing Balances of Infrastructure, Plant and Equipment (2009-10)

	Infrastructure, Plant and Equipment \$'000	Total \$'000
As at 1 July 2009		
Gross book value	-	-
Accumulated depreciation and impairment	-	-
Net book value 1 July 2009	-	-
Additions:		
By purchase	44,493	44,493
Net book value 30 June 2010	44,493	44,493
Net book value as of 30 June 2010 represented by:		
Gross book value	44,493	44,493
Accumulated depreciation and impairment	-	-
	44,493	44,493

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	2010 \$'000	2009 \$'000
NOTE 16: Assets Administered on Behalf of Government (continued)		
<u>Note 16F: Other Non-Financial Assets</u>		
Prepayments	3,277	3,107
Total other non-financial assets	3,277	3,107
Other non-financial assets are expected to be recovered in:		
Less than 12 months	3,277	3,107
Total other non-financial assets	3,277	3,107
NOTE 17: Liabilities Administered on Behalf of Government		
PAYABLES		
<u>Note 17A: Suppliers</u>		
Trade creditors and accruals	26,256	1,698
Total suppliers	26,256	1,698
Supplier payables expected to be settled within 12 months:		
External parties	26,256	1,698
Total suppliers	26,256	1,698
Settlement is usually made within 30 days.		
<u>Note 17B: Subsidies</u>		
Payable to external entities	7,937	6,667
Total subsidies	7,937	6,667
Total subsidies - are expected to be settled in:		
Less than 12 months	7,937	6,667
Total subsidies	7,937	6,667
<u>Note 17C: Grants</u>		
Public sector:		
Australian Government entities (related entities)	3	-
State and Territory Governments	-	1,455
Local Governments	19	665
Private sector:		
Non-profit organisations	725	886
Commercial entities	102	5,331
Total grants	849	8,337
Total grants - are expected to be settled in:		
Less than 12 months	849	8,337
Total grants	849	8,337
Settlement is usually made according to the terms and conditions of each grant.		
<u>Note 17D: Administered GST Payable</u>		
GST Payable to the Official Public Account	5,044	5,935
Total administered GST payable	5,044	5,935

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	2010 \$'000	2009 \$'000
NOTE 18: Administered Reconciliation Table		
Opening administered assets less administered liabilities as at 1 July	3,617,899	7,097,132
<i>Plus:</i> Administered income	173,539	515,562
<i>Less:</i> Administered expenses (non CAC)	(189,848)	(185,678)
Payments to CAC Act bodies	(1,121,484)	(1,049,870)
Administered transfers to/from Australian Government:		
Annual appropriations for administered expenses (non CAC)	184,332	182,557
Special appropriations (refund provisions)	-	3,234
Administered asset and liabilities appropriations for payments to CAC Act bodies	22,446	28,836
Annual appropriations for payment to CAC Act bodies	1,121,484	1,049,870
Transfers to OPA	(179,555)	(435,352)
Transfer of the Communications Fund Investments ¹	-	(2,468,395)
Other adjustments ²	(239)	(596)
Administered receipts from the BAF Communications Portfolio Special Account - NBN Co Limited	302,000	10,000
Administered receipts from the BAF Communications Portfolio Special Account - Other	27,220	-
Revaluation to fair value - administered investments in CAC Act bodies	(356,646)	(1,129,401)
Closing administered assets less administered liabilities as at 30 June	3,601,148	3,617,899

¹ On 1 January 2009, the investments of the Communications Fund Special Account were transferred to the Building Australia Fund under section 16 of the *Nation-building Funds Act 2008*.

² Other adjustments predominantly relate to a change in advice from the Australian Taxation Office allowing the Department to claim Input Tax Credits (ITC) in relation to the Satellite Phone Subsidy Scheme. An amount of \$258,503 previously paid out of Annual Appropriations was recognised as GST ITCs.

NOTE 19: Administered Contingent Liabilities and Assets

Quantifiable Contingencies

There are no quantifiable contingent liabilities that are not remote for 2010 (2009: Nil).

Unquantifiable Contingencies

Networking the Nation

As at 30 June 2009, the Commonwealth is party to legal action brought against it in relation to a possible breach of agreement under the Networking the Nation program. It is not practicable to make an estimate of the outcome of the action at this stage.

Untimed Calls in Extended Zones

The Telecommunications (Consumer Protection and Service Standards) Act 1999 requires the Minister to ensure customers in the Extended Zones have access to untimed local calls. The Extended Zones are geographical areas outside Telstra's standard local call charging zones where customers did not have access to untimed local calls prior to 1991. They are predominately located in rural and remote Australia. The Commonwealth's arrangements with Telstra to ensure the provision of these services are due to expire on 31 May 2011. Telstra and the Commonwealth are holding discussions on the appropriate arrangements for the provision of untimed local calls in Extended Zones from the expiry of the current agreement and during the transition to the National Broadband Network.

NBN Co Limited Board Members Indemnity

The Commonwealth has indemnified the directors of NBN Co Limited in relation to claims arising out of the directors' involvement in the negotiation and entry by NBN Co into the Financial Heads of Agreement with Telstra.

Significant Remote Contingencies

NetAlert Limited Board Members Indemnity

The Commonwealth indemnified the Directors of NetAlert Limited against claims and legal costs as a consequence of actions that may be brought against them during their employment as Directors. The indemnities cover potential claims arising out of the actions of the officers of the company between the dates of their appointment and the dissolution of the company. NetAlert Limited was voluntarily wound up on 29 November 2008. As at 30 June 2010, no claims have been made.

NBN Co Limited Interim Board Members Indemnity

The Commonwealth indemnified the Interim Directors of NBN Co Limited against any liability in respect of claims or legal costs and expenses in defending claims or undertaking proceedings, which may have arisen during their capacity as directors of the company. The removal of Interim Directors occurred on 6 August 2009. As at 30 June 2010, no claims have been made.

Termination of the Funding Agreement with OPEL

Following the termination of its agreement with OPEL Network Pty Ltd (OPEL) under the Broadband Connect program, the Commonwealth has made provision in Departmental funding towards costs incurred by OPEL in producing its Implementation Plan. OPEL was wound up on 13 March 2009. OPEL's liquidators have not yet agreed to the offer and are considering whether they have further as yet unquantified claims against the Commonwealth.

NOTE 20: Administered Contingent Assets

There were no administered contingent assets at 30 June 2010 (2009:Nil).

NOTE 21: Administered Investments

Ownership %	Notes	Principal Activity
2010	2009	
100	100	A Australian Broadcasting Corporation and controlled entities - National broadcaster, contributing to and reflecting Australia's culture. A body corporate established under the <i>Australian Broadcasting Corporation Act 1983</i> .
100	100	B Australian Postal Corporation - Provides a national and international postal and parcel service. A body corporate established under the <i>Australian Postal Corporation Act 1989</i> .
100	100	C Special Broadcasting Service Corporation and controlled entity - Provides multilingual and multicultural services that inform, educate and entertain. Promotes Australia's multicultural society. A body corporate established under the <i>Special Broadcasting Services Act 1991</i> .
100	100	D NBN Co Limited - To build and operate a National Broadband Network to deliver telephony and high speed broadband to Australian homes, schools and businesses. A body corporate established under the <i>Commonwealth Authorities and Companies Act 1997</i> .

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	2010 \$'000	2009 \$'000
NOTE 22: Administered Financial Instruments		
<u>NOTE 22A: Categories of Financial Instruments</u>		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	-	8,440
Receivables - loans to CAC Act entities	12,041	15,051
Receivables - grant refunds (net)	-	52
Receivables - subsidy refunds (net)	2	24
Receivables - other	-	3
Total	12,043	23,570
Available for sale:		
Investment in Australian Broadcasting Corporation and controlled entities	976,774	946,091
Investment in Special Broadcasting Corporation and controlled entities	164,526	158,735
Investment in NBN Co Limited	232,191	9,865
Investment in Australian Postal Corporation ¹	-	2,495,500
Investment in Australian Postal Corporation ²	2,204,500	-
Total	3,577,991	3,610,191
Carrying amount of financial assets	3,590,034	3,633,761
Financial Liabilities		
At amortised cost:		
Payables - suppliers	26,256	1,698
Payables - grants	849	8,337
Payables - subsidies	7,937	6,667
Total	35,042	16,702
Carrying amount of financial liabilities	35,042	16,702

¹ Administered investment valuation is based on the audited net asset balance.

² Administered investment valuation is based on a discounted cash flow valuation.

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	2010 \$'000	2009 \$'000
NOTE 22B: Net Income and Expense from Financial Assets		
Loans and receivables		
Interest revenue	633	51
Impairment	(7)	(18)
Net gain loans and receivables	626	33
Available for sale		
Australia Post dividend	171,900	427,800
Loss recognised in equity	(356,646)	(1,129,401)
Net loss available for sale	(184,746)	(701,601)
Fair value through profit and loss		
Designated as such:		
Interest revenue	-	86,343
Other gains/(loss):		
- Gains from remeasuring financial instruments held at fair value through profit and loss	-	1,018
- Losses from remeasuring financial instruments held at fair value through profit and loss	-	(217)
Net gain at fair value through profit and loss	-	87,144
Net loss from financial assets	(184,120)	(614,424)

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NOTE 22C: Fair Value of Financial Instruments

	Carrying amount 2010 \$'000	Fair value 2010 \$'000	Carrying amount 2009 \$'000	Fair value 2009 \$'000
Financial Assets				
Loans and receivables				
Cash at bank	-	-	8,440	8,440
Receivables - loans to CAC Act entities ¹	12,041	11,930	15,051	14,685
Receivables - grant refunds (net)	-	-	52	52
Receivables - subsidy refunds (net)	2	2	24	24
Receivables - other	-	-	3	3
Available for sale financial assets				
Investment in Australian Broadcasting Corporation and controlled entities	976,774	976,774	946,091	946,091
Investment in Special Broadcasting Corporation and controlled entities	164,526	164,526	158,735	158,735
Investment in NBN Co Limited	232,191	232,191	9,865	9,865
Investment in Australian Postal Corporation ²	-	-	2,495,500	2,495,500
Investment in Australian Postal Corporation ³	2,204,500	2,204,500	-	-
Total	3,590,034	3,589,923	3,633,761	3,633,395
Financial Liabilities				
Other Liabilities				
Payables - suppliers	26,256	26,256	1,698	1,698
Payables - grants	849	849	8,337	8,337
Payables - subsidies	7,937	7,937	6,667	6,667
Total	35,042	35,042	16,702	16,702

¹ Future loan repayments under the loan agreement have been discounted using the current five year Treasury Bond rate, 4.71% (2009: 5.23%).

² Administered investment valuation is based on the audited net asset balance.

³ Administered investment valuation is based on a discounted cash flow valuation.

NOTE 22C: Fair Value of Financial Instruments (continued)

Fair value measurements categorised by fair value hierarchy

	Level in the fair value hierarchy 2010
Financial assets at fair value	
Receivables - loans to CAC Act entities	Level 2
Available for sale financial assets	
Investment in Australian Broadcasting Corporation and controlled entities	Level 3
Investment in Special Broadcasting Corporation and controlled entities	Level 3
Investment in NBN Co Limited	Level 3
Investment in Australian Postal Corporation	Level 3

Reconciliation of Level 3 fair value hierarchy

	Investments in CAC Act	
	Entities 2010	Total 2010
	\$'000	\$'000
Financial assets at fair value		
Opening balance	3,610,191	3,610,191
Total gains or losses for the period recognised in profit or loss	-	-
Total gains or losses presented in the Administered Reconciliation Table	(32,200)	(32,200)
Purchases	-	-
Sales	-	-
Issues	-	-
Settlements	-	-
Transfers into/out of Level 3	-	-
Closing Balance	3,577,991	3,577,991
Total	3,577,991	3,577,991

NOTE 22D: Credit Risk

The administered activities of the Department were not exposed to a high level of credit risk as the majority of financial assets are trade receivables, loans to government controlled and funded entities and investment in Portfolio Agencies. The Department manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Department has policies and procedures that guide debt recovery techniques that are to be applied.

The maximum exposure of credit risk is the risk that arises from the default of an issuer.

The maximum exposure to credit risk is outlined in the table below:

	2010	2009
	\$'000	\$'000
Financial assets		
Loans and receivables		
Cash at bank	-	8,440
Receivables - loans to CAC Act entities	12,041	15,051
Receivables - grant refunds	-	52
Receivables - subsidy refunds	2	24
Receivables - other	-	3
Available for sale		
Investment in Australian Broadcasting Corporation and controlled entities	976,774	946,091
Investment in Special Broadcasting Corporation and controlled entities	164,526	158,735
Investment in NBN Co Limited	232,191	9,865
Investment in Australian Postal Corporation ¹	-	2,495,500
Investment in Australian Postal Corporation ²	2,204,500	-
Total	3,590,034	3,633,761

¹ Administered investment valuation is based on the audited net asset balance.

² Administered investment valuation is based on a discounted cash flow valuation.

The Government has assessed the risk of the default on payment and has allocated the following amounts to an impairment allowance account:

Receivables - grant refunds	Nil in 2010 (2009: Nil)
Receivables - subsidy refunds	\$6,600 in 2010 (2009: \$140,140)
Receivables - other	Nil in 2010 (2009: Nil)

NOTE 22D: Credit Risk (continued)

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired	Not Past Due Nor Impaired	Past Due or Impaired	Past Due or Impaired
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Loans and receivables				
Cash at bank	-	8,440	-	-
Receivables - loans to CAC Act entities	12,041	15,051	-	-
Receivables - grant refunds	-	52	-	-
Receivables - subsidy refunds	2	1	7	163
Receivables - other	-	-	-	3
Available for sale financial assets				
Investment in Australian Broadcasting Corporation and controlled entities	976,774	946,091	-	-
Investment in Special Broadcasting Corporation and controlled entities	164,526	158,735	-	-
Investment in NBN Co Limited	232,191	9,865	-	-
Investment in Australian Postal Corporation ¹	-	2,495,500	-	-
Investment in Australian Postal Corporation ²	2,204,500	-	-	-
Total	3,590,034	3,633,735	7	166

¹ Administered investment valuation is based on the audited net asset balance.

² Administered investment valuation is based on a discounted cash flow valuation.

Ageing of financial assets that were past due but not impaired for 2010

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and receivables					
Receivables - grant refunds	-	-	-	-	-
Receivables - subsidy refunds	2	-	-	-	2
Receivables - other	-	-	-	-	-
Total	2	-	-	-	2

Ageing of financial assets that were past due but not impaired for 2009

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and receivables					
Receivables - grant refunds	-	-	-	-	-
Receivables - subsidy refunds	18	3	2	-	23
Receivables - other	3	-	-	-	3
Total	21	3	2	-	26

NOTE 22E: Liquidity Risk

The Government's Administered financial liabilities are trade creditors, grants and subsidies payable. The exposure to liquidity risk is based on the notion that the Government will encounter difficulty in meeting its obligations associated with Administered financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Department, and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrates the maturities for financial liabilities:

Maturities for non-derivative financial liabilities 2010

	On Demand	Within 1 Year	1 to 5 Years	> 5 Years	Total
	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000
Other liabilities					
Payables - suppliers	-	26,256	-	-	26,256
Payables - grants	-	849	-	-	849
Payables - subsidies	-	7,937	-	-	7,937
Payables - other	-	-	-	-	-
Total	-	35,042	-	-	35,042

Maturities for non-derivative financial liabilities 2009

	On Demand	Within 1 Year	1 to 5 Years	> 5 Years	Total
	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000
Other liabilities					
Payables - suppliers	-	1,698	-	-	1,698
Payables - grants	-	8,337	-	-	8,337
Payables - subsidies	-	6,667	-	-	6,667
Total	-	16,702	-	-	16,702

NOTE 22F: Market Risk

The Department holds basic financial instruments that do not expose the Department to certain market risks. The Department is not exposed to 'currency risk' and 'other price risk'.

Interest rate risk

'Interest rate risk' refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The only interest bearing item on the closing balance sheet is 'loans receivable'. This item has fixed interest and will not fluctuate due to changes in the market interest rate.

Other price risk

The Department's administered activities are not exposed to 'Other Price Risk'. Its administered investments are not traded on the Australian Stock Exchange. It does not hold any other financial instruments that would be exposed to price risk.

NOTE 22G: Assets Pledged/or Held as Collateral

Assets pledged as collateral

The Department does not have any assets pledged as collateral as at 30 June 2010 (2009: Nil).

Assets held as collateral

The Department does not hold any assets as collateral as at 30 June 2010 (2009: Nil).

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2010

NOTE 23: Appropriations

NOTE 23A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Department of Broadband, Communications and the Digital Economy	Administered Expenses				Departmental Outputs		Total	
	Outcome 1		Payments to CAC Act bodies					
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000		
Balance brought forward from previous period (<i>Appropriation Acts</i>)	40,182	375,482	-	-	83,208	75,222	123,390	450,704
Corrections of prior year errors	2	-	-	-	-	-	2	-
Adjusted balance carried from previous year	40,184	375,482	-	-	83,208	75,222	123,392	450,704
<i>Appropriation Act:</i>								
<i>Appropriation Act (No. 1)</i>	196,244	209,110	1,114,895	1,049,539	162,806	103,689	1,473,945	1,362,338
<i>Appropriation Act (No.3)</i>	23,211	-	7,836	331	-	11,535	31,047	11,866
Appropriations reduced (<i>Appropriation Act</i> section 10, 11&12)	-	-	-	-	(29,932)	-	(29,932)	-
Administered appropriations reduced (non CAC) (<i>Appropriation Act</i> section 11)	(22,890)	(358,474)	-	-	-	-	(22,890)	(358,474)
Reductions of appropriations (<i>Appropriation Act</i> section 9)	-	-	-	-	-	(229)	-	(229)
Advance to the Finance Minister (<i>Appropriation Act</i> section 13)	-	-	-	-	-	-	-	-
<i>FMA Act:</i>								
Repayments to the Commonwealth (<i>FMA Act</i> section 30)	2,931	2,572	-	-	736	339	3,667	2,911
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A) ¹	20,189	19,113	-	-	7,113	4,441	27,302	23,554
Relevant agency receipts (<i>FMA Act</i> section 31)	-	-	-	-	3,704	4,470	3,704	4,470
Transfer of agency functions (<i>FMA Act</i> section 32)	-	-	-	-	-	-	-	-
Total appropriation available for payments	259,869	247,803	1,122,731	1,049,870	227,635	199,467	1,610,235	1,497,140
Cash payments made during the year (GST inclusive)	(212,962)	(207,621)	(1,121,484)	(1,049,870)	(151,192)	(116,259)	(1,485,638)	(1,373,750)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	46,907	40,182	1,247	-	76,443	83,208	124,597	123,390
Represented by:								
Cash at bank and on hand	-	8,440	-	-	546	2,172	546	10,612
Departmental appropriations receivable	-	-	-	-	75,220	82,601	75,220	82,601
GST receivable from customers	-	-	-	-	27	14	27	14
GST receivable from the Australian Taxation Office (ATO)	-	-	-	-	1,958	755	1,958	755
GST payable	-	-	-	-	(1,308)	(483)	(1,308)	(483)
Undrawn, unapsped administered appropriations	46,907	31,742	1,247	-	-	-	48,154	31,742
Payable to the Official Public Account	-	-	-	-	-	-	-	-
Adjustments under section 101.13 of the Finance Minister's Orders not reflected above	-	-	-	-	-	(1,851)	-	(1,851)
Total as at 30 June	46,907	40,182	1,247	-	76,443	83,208	124,597	123,390

NOTE 23: Appropriations

NOTE 23A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Administered Expenses				Total	
	Outcome 1		Payments to CAC Act bodies		2010	2009
	2010	2009	2010	2009		
Reduction in administered items²						
Total administered items appropriated 2009-2010	219,455,000.00	209,110,000.00	-	-	219,455,000.00	209,110,000.00
Less administered items required by the agency as per <i>Appropriation Act</i> section 11 ³ :						
<i>Appropriation Act (No. 1) 2009-2010</i>	-	-	-	-	-	-
<i>Appropriation Act (No. 3) 2009-2010</i>	190,049,628.74	186,220,422.24	-	-	190,049,628.74	186,220,422.24
<i>Appropriation Act (No. 5) 2009-2010</i>	-	-	-	-	-	-
Total administered items required by the agency as represented by:						
Spent	173,897,191.82	178,714,834.48	-	-	173,897,191.82	178,714,834.48
Retention	16,152,436.92	7,505,587.76	-	-	16,152,436.92	7,505,587.76
Total reduction in administered items - effective 2010-11	29,405,371.26	22,889,577.76	-	-	29,405,371.26	22,889,577.76

¹ The amounts in this line item are calculated on an accrual basis to the extent that an expense may have been incurred that includes GST but had not been paid by year end

² Numbers in this section of the table must be disclosed to the cent.

³ Administered items for 2008-2009 were reduced to these amounts when these financial statements were tabled in the Parliament as part of the Department's 2008-2009 annual report. This reduction is effective in 2009-2010 and the amounts in the Total Reduction in administered items will be reflected in the top section of Table A in the 2010-2011 financial statements.

Departmental and non-operating appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental or non-operating appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination under the relevant *Appropriation Acts* section 10 and is disallowable by Parliament.

Department of Broadband, Communications and the Digital Economy
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NOTE 23B: Acquitment of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Department of Broadband, Communications and the Digital Economy	Operating Outcome 1		Payments to CAC Act bodies		Non - operating Equity		Previous Years' Outputs		Total	
	SPPs									
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period (<i>Appropriation Acts</i>)	-	-	-	-	707	625	-	-	707	625
<i>Appropriation Act (No.2)</i>	-	-	-	-	-	-	-	-	-	-
Appropriations reduced (<i>Appropriation Act</i> sections 12, 13 & 14)	1,244	-	22,446	13,836	1,513	303	1,851	-	27,054	14,139
Advance to the Finance Minister (<i>Appropriation Act</i> section 15)	-	-	-	15,000	-	-	-	-	-	15,000
<i>FMA Act</i>	-	-	-	-	-	-	-	-	-	-
Repayments to the Commonwealth (<i>FMA Act</i> section 30)	-	-	-	-	-	-	-	-	-	-
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A) ¹	-	-	-	-	-	-	-	-	-	-
Transfer of agency functions (<i>FMA Act</i> section 32)	-	-	-	-	-	-	-	-	-	-
Total appropriations available for payments	1,244	-	22,446	28,836	2,220	928	1,851	-	27,761	29,764
Cash payments made during the year (GST inclusive)	-	-	(22,446)	(28,836)	(1,236)	(221)	(1,682)	-	(25,364)	(29,057)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	1,244	-	-	-	984	707	169	-	2,397	707
Represented by:										
Cash at bank and on hand	-	-	-	-	-	-	-	-	-	-
Departmental appropriation receivable	-	-	-	-	984	707	169	-	1,153	707
Undrawn, unapplied administered appropriations	1,244	-	-	-	-	-	-	-	1,244	-
Total as at 30 June	1,244	-	-	-	984	707	169	-	2,397	707

NOTE 23B: Acquitment of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Operating Outcome 1		Total	
	SPPs			
	2010	2009	2010	2009
Reduction in administered items²				
Total administered items appropriated 2009-2010	1,244,000.00	-	1,244,000.00	-
Less administered items required by the agency per <i>Appropriation Act s12</i> :	-	-	-	-
<i>Appropriation Act (No. 2) 2009-2010</i>	-	-	-	-
<i>Appropriation Act (No. 4) 2009-2010</i>	-	-	-	-
<i>Appropriation Act (No. 6) 2009-2010</i>	-	-	-	-
Total administered items required by the agency as represented by:	-	-	-	-
Spent	-	-	-	-
Retention	-	-	-	-
Total reduction in administered items - effective 2010-2011	1,244,000.00	-	1,244,000.00	-

¹ The amounts in this line item are calculated on an accrual basis to the extent that an expense may have been incurred that includes GST but had not been paid by year end.

² Numbers in this section of the table must be disclosed to the cent.

NOTE 23C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriation (Unlimited Amount)

<i>Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999. Section 158ZO of the Act provides that the responsible Ministers may authorise the investment of money standing to the credit of the Communications Fund Special Account in any 'financial asset'.</i> Nature: Administered	Outcome 1	
	2010	2009
	\$'000	\$'000
Cash payments made during the year	-	5,043,611
Appropriations credited to Special Accounts	-	-
Repayments to the Commonwealth (<i>FMA Act</i> section 30)	-	-
Total charged to appropriation	-	5,043,611
<i>Estimated actual</i>	-	-

<i>Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999. Section 158ZP of the Act provides for debiting of expenses to the Communications Fund Special Account.</i> Nature: Administered	Outcome 1	
	2010	2009
	\$'000	\$'000
Cash payments made during the year	-	158
Appropriations credited to Special Accounts	-	-
Repayments to the Commonwealth (<i>FMA Act</i> section 30)	-	-
Total charged to appropriation	-	158
<i>Estimated actual</i>	-	-

In the current and prior year the Department has not used the following administered Special Appropriations (Unlimited Amount):

- S39 of the *Financial Management and Accountability Act 1997* for the investment of public money;
- S8BA(3) of the *Telstra Corporation Act 1991* for the payment of compensation-constitutional safety net;
- S5(5) of the *AUSSAT Repeal Act 1991* for the payment of money to AUSSAT; and
- S158ZQ of the *Telecommunications (Consumer Protection and Service Standards) Act 1999* for the purchase of derivatives for the Communications Fund.

NOTE 23D: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriation (Limited Amount)

Appropriation (Supplementary Measures) Act (No.1) 1999, section 3¹	Administered		Total	
	2010	2009	2010	2009
<i>Purpose:</i> For payment of book industry assistance				
<i>Nature:</i> Administered	\$'000	\$'000	\$'000	\$'000
Amount available brought forward from previous period	1	1	1	1
Other receipts	-	-	-	-
Appropriation for reporting period	-	-	-	-
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	-	-	-	-
Available for payments	1	1	1	1
Other adjustments	-	-	-	-
Cash payments made during the year (GST inclusive)	-	-	-	-
Amount available carried to the next period	1	1	1	1
Represented by:				
Cash	-	-	-	-
Departmental appropriation receivable	-	-	-	-
Undrawn, unexpired administered appropriations	1	1	1	1
Total	1	1	1	1

¹ The *Appropriation (Supplementary Measures) Act No.1 1999* appropriation is split between the former Department of Industry, Tourism and Resources, the former Department of Education, Science and Technology and the former Department of Communications, Information Technology and the Arts. A request to repeal the *Appropriation (Supplementary Measures) Act (No.1) 1999*, section 3 has been made as it is no longer required.

NOTE 23E: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriation (Refund Provisions)

Financial Management and Accountability Act 1997, section 28(2)		
<i>Purpose:</i> To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.		
<i>Nature:</i> Administered		
	2010	2009
	\$'000	\$'000
Cash payments made during the year	-	3,234
Appropriations credited to Special Accounts	-	-
Repayments to the Commonwealth (net) (<i>FMA Act</i> section 30)	-	-
Total charged to Special Appropriations	-	3,234
Budget estimate (<i>FMA Act</i> section 28)	-	3,234

Department of Broadband, Communications and the Digital Economy
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NOTE 24: Table A: Special Accounts (continued)

International Aid Special Account (Departmental)		
Appropriation: <i>Financial Management and Accountability Act 1997</i> , section 20.		
Establishing Instrument: <i>Determination 2005/46 - International Aid Special Account Establishment 2005</i>		
<i>Purpose:</i> For the expenditure on conducting activities in the Asia-Pacific region that assists countries to liberalise their communications markets, including, but not limited to telecommunications liberalisation, regulatory development, capacity building, e-commerce development and security (established 1 December 2005).		
	2010	2009
	\$'000	\$'000
Balance brought forward from previous period	-	70
Appropriation for reporting period	-	-
Other credited from other Special Accounts	-	-
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	-	4
Realised investments	-	-
Other receipts	-	-
Total increase	-	74
Payments made to suppliers - related entities	-	-
Payments made to suppliers - external entities	-	(49)
Debit to Special Account	-	-
Other adjustments ¹	-	(25)
Investments made from the Special Account (<i>FMA Act</i> section 39)	-	-
Total decrease	-	(74)
Balance carried to the next period (excluding investment balances)	-	-
Represented by:		
Cash - held in the Official Public Account	-	-
Cash - held by the Department	-	-
GST receivable/(payable) to the Australian Taxation Office	-	-
Total balance carried to the next period	-	-

¹ The special account has fulfilled its current obligation in relation to receipts received to date. The balance of \$18,875 was returned to AusAID and \$5,751 of the special account was returned to the Departmental main bank account on 30 June 2009 under subsection 26(c) of the *FMA Act*.

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NOTE 24: Table A: Special Accounts (continued)

Other Trust Moneys Account (Departmental)		
Appropriation: <i>Financial Management and Accountability Act 1997</i> , section 20.		
Establishing Instrument: Initial Determination to Establish Components of the Reserved Money Fund.		
Purpose: For expenditure of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.		
	2010	2009
	\$'000	\$'000
Balance brought forward from previous period	-	1
Appropriation for reporting period	-	-
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	-	-
Other receipts	-	-
Total increase	-	1
Payments made	-	-
Other adjustments ¹	-	(1)
Total decrease	-	(1)
Balance carried to next period (excluding investment balances)	-	-
Represented by:		
Cash - held in the Official Public Account	-	-
Cash - in Departmental bank account	-	-
GST receivable/(payable) to the Australian Taxation Office (ATO)	-	-
Total balance carried to the next period	-	-

¹ The balance of the Other Trust Moneys Account (\$1,172) relates to an unidentified receipt and was transferred to the Official Public Account.

The Other Trust Moneys Special Account was abolished on 4 June 2010 and replaced with the Services for Other Entities and Trust Moneys Special Account that was established on 24 June 2010.

Department of Broadband, Communications and the Digital Economy
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NOTE 24: Table A: Special Accounts (continued)

Services for Other Entities and Trust Moneys (Departmental)		
Appropriation: <i>Financial Management and Accountability Act 1997</i> , section 20.		
Establishing Instrument: Financial Management and Accountability Determination 2010/09		
Purpose: To hold and expend amounts on behalf of persons or entities other than the Commonwealth.		
	2010	2009
	\$'000	\$'000
Balance brought forward from previous period	-	-
Appropriation for reporting period	-	-
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	-	-
Other receipts	-	-
Total increase	-	-
Payments made	-	-
Other adjustments	-	-
Total decrease	-	-
Balance carried to next period (excluding investment balances)	-	-
Represented by:		
Cash - held in the Official Public Account	-	-
Cash - in Departmental bank account	-	-
GST receivable/(payable) to the Australian Taxation Office (ATO)	-	-
Total balance carried to the next period	-	-

The Services for Other Entities and Trust Moneys Special Account was established on 24 June 2010 to replace the Other Trust Moneys Special Account that was abolished on 4 June 2010.

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NOTE 24: Table A: Special Accounts (continued)

BAF Communications Portfolio Special Account (Administered)		
Appropriation: <i>Financial Management and Accountability Act 1997</i> , section 21		
Establishing Instrument: <i>Nation-building Funds Act 2008</i> , section 68		
<i>Purpose:</i> To make payments in relation to the creation or development of communications infrastructure; and eligible national broadband network matters.		
	2010	2009
	\$'000	\$'000
Balance brought forward from previous period	-	-
Appropriation for reporting period	-	-
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	-	-
Building Australia Fund receipts	329,220	10,000
Total increase	329,220	10,000
Payments made	(329,220)	(10,000)
Other adjustments	-	-
Total decrease	(329,220)	(10,000)
Balance carried to next period (excluding investment balances)	-	-
Represented by:		
Cash - held in the Official Public Account	-	-
Total balance carried to the next period	-	-
Balance of Investments	-	-

The BAF Communications Portfolio Special Account was established on 1 January 2009 under section 68 of the *Nation-building Funds Act 2008*.

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NOTE 24: Table A: Special Accounts (continued)

Communications Fund Account (Administered)		
Appropriation: <i>Financial Management and Accountability Act 1997</i> , section 21		
Establishing Instrument: <i>Telecommunications (Consumer Protection and Service Standards) Act 1999</i> sections 158ZH, 158ZO, 158ZP		
<i>Purpose:</i> To fund recommendations arising from reviews of the adequacy of telecommunications services in regional, rural and remote parts of Australia.		
	2010	2009
	\$'000	\$'000
Balance brought forward from previous period	-	-
Appropriation for reporting period	-	-
Realisation of investments credited to the Fund - section 158ZP (5)	-	2,356,420
Interest credited to the Fund - section 158ZP(1) of the <i>Telecommunications (Consumer Protection and Service Standards) Act 1999</i>	-	94,457
Total increase	-	2,450,877
Investments debited from the Special Account - section 158ZO of the <i>Telecommunications (Consumer Protection and Service Standards) Act 1999</i>	-	(2,450,719)
Acquisition of derivatives debited from the Fund - section 158ZQ	-	-
Payments made for expenses of investments - section 158ZP	-	(158)
Total decrease¹	-	(2,450,877)
Balance carried to next period (excluding investment balance)	-	-
Represented by:		
Cash - held in the Official Public Account	-	-
Total balance carried to the next period	-	-
Balance of Investments	-	-

¹ On 1 January 2009, the investments of the Communications Fund Special Account were transferred to the Building Australia Fund under section 16 of the *Nation-building Funds Act 2008*.

NOTE 24: Special Accounts Investment of Public Money

Communications Fund		
Investment of Public Money under sections 158ZH, 158ZO, 158ZP Telecommunications (Consumer Protection and Service Standards) Act 1999.	2010	2009
	\$'000	\$'000
Opening Balance	-	2,356,420
Investments made ¹		
- From special account	-	5,043,611
Investment income	-	94,457
Transactional charges	-	(158)
Investments realised	-	(5,043,611)
Transfer to the Building Australia Fund Special Account section 16 of the <i>Nation-building Funds Act 2008</i> (at cost) ²	-	(2,450,719)
Closing Balance	-	-

¹ Investments made during the year and investments realised represent the gross proceeds from the maturity and reinvestment of marketable securities.

² The market value of the investments transferred to the Building Australia Fund on 1 January 2009 was \$2,468,395,373.

Communications Fund Investment Policy:

The Government authorised, through the Communications Fund Special Account Investment Authorisation (No.1 of 2007), the Australian Office of Financial Management (AOFM) to make and realise investments on behalf of the Fund. The exercise of this authority is in accordance with the following instructions:

- investments were only made in Australian dollar denominated debt instrument and bank deposits;
- the Fund was typically a buy and hold investor;
- the Fund had a relatively high level of liquidity;
- investments were in basic low risk instruments, with diversification of credit exposures sought where possible; and
- the Fund is to maintain a credit rating of AAA as set by Standard and Poor's.

NOTE 25: Assets Held in Trust

Monetary Assets

Financial assets held in trust were also disclosed in Note 24 in the table titled Other Trust Moneys Account and Services for Other Entities and Trust Moneys Account. The purpose of this account is for expenditure of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.

Non-monetary Assets

The Department has no non-monetary assets held in trust in both the current and prior years.

	2010	2009
	\$'000	\$'000
Monetary Assets		
Total amount held at the beginning of the reporting period	-	1
Receipts	-	-
Payments	-	-
Other adjustments ¹	-	(1)
Total amount held at the end of the reporting period	-	-

¹ The balance of the Other Trust Moneys Account (\$1,172) relates to an unidentified receipt and was transferred to the Official Public Account.

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Note 26: Compensation and Debt Relief

	2010	2009
	\$	\$
Administered		
No 'Act of Grace' expenses were incurred during the reporting period. (2009: No expenses)	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2009: No waivers)	-	-
No payments made under the 'Compensation for Detriment caused by Defective Administration (CDDA) Scheme'. (2009: No payments)	-	-
No ex-gratia payments were provided for during the reporting period. (2009: No payments)	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> (PS Act) during the reporting period. (2009: No payments)	-	-
Departmental		
No 'Act of Grace' expenses were incurred during the reporting period. (2009: No expenses)	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> (PS Act) during the reporting period. (2009: No payments)	-	-
No waivers of amounts owing to the Australian Government were made in pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2009: No waivers)	-	-
No 'ex-gratia' payments were provided during the reporting period. (2009: No payments)	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2009: No payments)	-	-

NOTE 27: Reporting of Outcomes

Note 27A: Net Cost of Outcome Delivery

Department of Broadband, Communications and the Digital Economy	Outcome 1		Payments to CAC Act bodies		Total	
	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Administered	189,847	185,678	1,121,484	1,049,870	1,311,331	1,235,548
Departmental	150,884	115,031			150,884	115,031
Total	340,731	300,709	1,121,484	1,049,870	1,462,215	1,350,579
Other own-source income						
Administered	173,538	515,562	-	-	173,538	515,562
Departmental	2,806	1,986	-	-	2,806	1,986
Total	176,344	517,548	-	-	176,344	517,548
Net cost/(contribution) of outcome	164,387	(216,839)	1,121,484	1,049,870	1,285,871	833,031



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ACRONYMS AND GLOSSARY

ACRONYMS

ABC	Australian Broadcasting Corporation
ACCAN	Australian Communications Consumer Action Network
ACCC	Australian Competition and Consumer Commission
ACMA	Australian Communications and Media Authority
AFP	Australian Federal Police
AGIMO	Australian Government Information Management Office
ANAO	Australian National Audit Office
APEC	Asia–Pacific Economic Cooperation
APEC TEL	Asia–Pacific Economic Cooperation Telecommunication Working Group
APS	Australian Public Service
APSC	Australian Public Service Commission
APT	Asia–Pacific Telecommunity
ARC	Australian Research Council
ASEAN	Association of Southeast Asian Nations
ASTRA	Australian Subscription Television and Radio Association
AWA	Australian Workplace Agreements
CA	Collective agreement
CD	compact disc
CDS	Commonwealth Disability Strategy
CEIs	Chief Executive Instructions
CEO	Chief Executive Officer
CLCs	Common Law Contracts
COAG	Council of Australian Governments
CTN	Consumers' Telecommunications Network
CWG	Consultative working group
DBCDE	Department of Broadband, Communications and the Digital Economy
DCITA	Department of Communications, Information Technology and the Arts
DVD	Digital Versatile Disc
EA	Enterprise Agreement
EEO	Equal Employment Opportunity

EL	Executive level
EMG	Executive Management Group
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FMA	Financial Management and Accountability Act
FOI	Freedom of Information
FOI Act	Freedom of Information Act
FTE	Full-time equivalent
FTTP	fibre-to-the-premises
FRLI	Federal Register of Legislative Instruments
HTML	Hypertext mark-up language
ICANN	Internet Corporation for Assigned Names and Numbers
ICP	Indigenous Communications program
ICT	Information and communications technology
ISP	Internet service provider
IT	Information technology
ITU	International Telecommunication Union
NAA	National Archives Australia
NAIDOC	National Aborigines and Islanders Day Observance Committee
NICTA	National ICT Australia
OECD	Organisation for Economic Cooperation and Development
OH&S	occupational health and safety
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PC	personal computer
PhD	Doctor of Philosophy
RBBP	Regional Backbone Blackspots Program
RFP	Request for Proposal
RTA	Roads and Traffic Authority
RTI	Regional Telecommunications Inquiry
SBS	Special Broadcasting Service Corporation
SES	senior executive service
TEDICORE	Telecommunications and Disability Consumer Representation
TIO	Telecommunications Industry Ombudsman

TOIL	time off in lieu
TTY	Telecommunications Device for the Deaf/Tele Typewriter
TV	television
USB	Universal Serial Bus
VAST	Viewer Access Satellite Television
VoIP	voice over internet protocol
W3C	World Wide Web Consortium
YAG	Youth Advisory Group

GLOSSARY

Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accrual budget	A comprehensive budget incorporating assets, liabilities and revenues, as well as cash receipts and expenditures. Thus an accrual budget is an extension of the cash budget, focusing on all the resource implications of the strategic and operational plan.
Administered items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Agency	Agencies are Departments of State, Departments of Parliament and 'prescribed agencies' for the purposes of the <i>Financial Management and Accountability Act 1997</i> . Where the term is used generally in this document, it is meant to refer to departments, agencies, authorities and non-commercial companies.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
APS employee	A person engaged under section 22, or a person who is engaged as an APS employee under section 72, of the <i>Public Service Act 1999</i> .
Australian Workplace Agreements	An Australian Workplace Agreement (AWA) is a formalised individual employment contract registered by the Workplace Authority.
Average staffing level	The average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time employees to show the full-time equivalent.

Backbone	Backbone infrastructure (also known as ‘backhaul’ or ‘transmission’ infrastructure) refers to the very high capacity communications links that connect towns, cities and rural areas to each other and the wider world. Backbone infrastructure supports the delivery of a range of services, fixed voice and mobile services.
Chief Executive's Instructions	Instructions on the administration of the Department issued by the Secretary under regulation 6, Financial Management and Accountability Regulations 1997.
Consultancy services	<p>Consultancy services are one particular type of service delivered under a contract for services. They are distinguished from other contracts for services by the nature of the work performed. A consultant is an entity, whether an individual, a partnership or a corporation, engaged to provide professional, independent and expert advice or services. Typically, the term consultancy services is used to describe the application of expert professional skills to: investigate or diagnose a defined issue or problem, carry out defined research, reviews or evaluations; or to provide independent advice, information or creative solutions to assist the agency in management decision making.</p> <p>A consultancy contract will typically define the nature and purpose of the task to be performed but not (in any detail) the manner in which the task is to be performed. By contrast, other (non-consultancy) contracts for services will typically be far more restrictive in the degree of latitude afforded to the contractor.</p>
Convergence	The process by which technologies (for example, televisions, phones and computers) and platforms (for example, broadcast, telecommunications and online) that originated having distinct functionalities evolve to overlap, so that the end user experience is similar regardless of the platform or device.
Deliverables	The tangible product of the program and should be measurable or quantifiable units or activities.
Departmental items	Resources directly controlled by agencies, including salaries and allowances.

Digital dividend	Refers to the radiofrequency spectrum, currently used for analog television, which is freed up by the switchover from analog to digital-only television.
Digital economy	The global network of economic and social activities that are enabled by information and communication technologies, such as the internet, mobile and sensor networks.
Discretionary grants	Payments where the portfolio minister and paying agency have discretion in determining whether or not a particular applicant receives funding and may or may not impose conditions in return for the grant.
e-commerce	Use of computers and electronic communication networks to do business
Greenfield estates	New building developments including residential, industrial, commercial or mixed use developments. While many Greenfield estates are new land releases on the urban fringe they may also include urban in-fill and regeneration projects.
Hashtag	A word with the symbol # in front of it, used especially in microblogging to identify or search for subjects of interest
Human Resource Management Information System	A software or online solution for the data entry, data tracking and data information needs of the Human Resources, payroll and management functions.
Information Management System	A technical solution that allows staff to capture and find documents.
Key Performance Indicators	The basis on which to assess the effectiveness of the program in achieving its objectives.
Liabilities	Future sacrifices of economic benefits that an entity is presently obliged to make to other entities as a result of past transactions or other past events.
Materiality	Takes into account the planned outcome and the relative significance of the resources consumed in contributing to the achievement of that outcome.
NBN Co	The company established by the Government to build and operate the National Broadband Network.
Non-ongoing APS employee	A person engaged as an APS employee under subsection 22 (2)(b) or 22(2)(c) of the <i>Public Service Act 1999</i> .

Ongoing APS employee	A person engaged as an ongoing APS employee under subsection 22(2)(a) of the <i>Public Service Act 1999</i> .
Operation Sunlight	The Australian Government's reform agenda to improve the openness and transparency of public sector budgetary and financial management and to promote good governance practices.
Portfolio Additional Estimates Statements	Similar to the Portfolio Budget Statements and prepared at Additional Estimates time to support an update on the Australian Government's original annual budget for the department and portfolio agencies.
Portfolio Budget Statements	A document presented by the Minister to Parliament to inform the Parliament of the basis for the department's budget appropriations in support of the provisions in Appropriation Bills 1 and 2. The statements summarise the department's budget and provide detail of outcome performance forecasts and resources in order to justify expenditure.
Request for Proposal (RFP)	A Request for Proposal (RFP) is usually used when an agency is seeking proposals from suitably qualified vendors with specialised skills, such as the operation of community health facilities and similar activities. Generally, proposals may be linked to Government grants available to the eventual vendor to operate the required service. RFPs are not often used in the acquisition of ICT goods and services.
Request for Tender (RFT)	A published notice inviting suppliers who satisfy the conditions for participation to submit a tender in accordance with requirements of the request for tender and other request documentation
Risk management	The culture, frameworks and structures that are directed towards the effective management of potential opportunities and adverse effects. Risk management involves the systematic application of management policies, procedures and practices to the steps of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

Service charters	A service charter is a public statement about the service that a department will provide and what customers can expect from the department. In particular the service charter advises what the department does, how to contact and communicate with the department, the standard of service that customers can expect, and their basic rights and responsibilities, and how to provide feedback or make a complaint.
Spectrum	The radiofrequency spectrum is that part of the range of electromagnetic energy that can be used for transmitting radio waves (currently 3000Hz to 300GHz). Uses for spectrum include radio, TV, mobile voice and data, radar and radioastronomy. Each unit of spectrum can be defined according to its frequency, geographic coverage and time of transmission.
Special appropriations	Moneys appropriated by Parliament in an Act separate to an annual Appropriation Act, where the payment is for a specified amount. Special appropriations are not subject to Parliament's annual budget control, unlike the annual appropriations.
Tweet	A micro-blog post (140 characters) on the Twitter social network site, or the act of posting on it. Each post is referred to as a tweet, and the act of sending a tweet is referred to as tweeting
Web 2.0	A term describing a broad shift towards an online environment characterised by interaction, collaboration and user-generated content. Examples of Web 2.0 websites include social networking sites such as Facebook, the online encyclopaedia Wikipedia and the video-sharing site YouTube.
Wiki	A website which allows users to edit content as a form of crowdsourcing.
World Wide Web Consortium (W3C)	The World Wide Web Consortium (W3C) is the main international standards organization for the World Wide Web. The consortium consists of member organizations and maintains full-time staff working together to develop standards for the Web. W3C also serves as an open forum for discussion about the Web

CORRECTIONS TO 2008–09 ANNUAL REPORT

The section titled 'Infrastructure Regulation' at page 20 of the Department's annual report for 2008–09 incorrectly referred to the total number of submissions received—it read 'more than 90 submissions were received'. This related to submissions received in response to the consultation paper on how to implement the fibre in greenfield estates initiative, released by the Department on 29 May 2009. This should have read 'more than 80 submissions were received'.

At page 58 of the Department's annual report for 2008–09, it incorrectly states that the Department contributed \$300 000 for the membership of the APT in 2008–09. This should have stated that the amount was \$256 000.

At page 97 of the Department's annual report for 2008–09, it incorrectly states that the Department's compensation premium over the year was 0.57 per cent. This should have stated that the Department's compensation premium over the year was 0.74 per cent.

The section on consultants on page 102 of the Department's annual report for 2008–09 incorrectly referred to the total number of consultancy contracts let during the reporting period as a total of 103 consultancy contracts, incurring a total expenditure for the year of \$7.530 million. This should have referred to a total of 104 consultancy contracts incurring a total expenditure for the year of \$7.530 million.

A list of additions to the Parliamentary Committees Appendix of the Department's annual report for 2008–09 are provided within Appendix 2 of this report.

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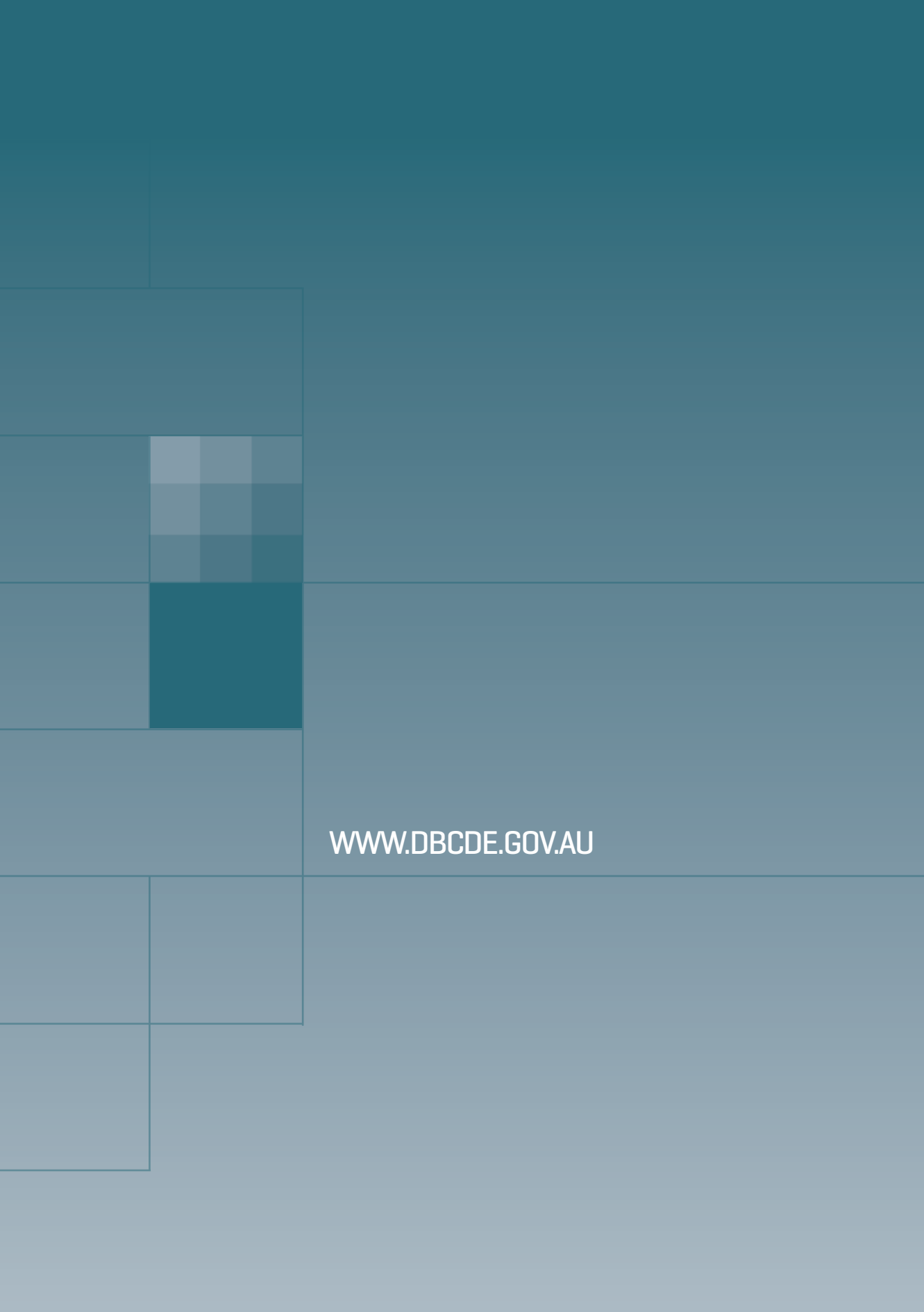
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